



BUSINESS

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**Equities**  
down 4.3%:  
gold rises  
with £

**EQUITIES** fell after Friday's sharp rise and the FT 30-share index lost 3.4 at 2 pm before picking up to close only 4.3 lower at 530.3 on a technical recovery amid concern about oil prices.

**GILTS** declined before reverting finally to Friday's levels, with business thin at both ends of the market.

**STERLING** rose sharply to close at \$2.0535 (\$2.0375). Its trade-weighted index rose to 65.4 (65) the highest level since February 1978. The dollar's depreciation remained unchanged at 8.7 per cent.

**Saudi mourned** The week old Government stood still briefly as of every part of the loss of Sig. Ugo La Malfa, 75-year-old deputy who died after a severe heart attack. Page 2

**strike** One of Italy's staff is on strike, senior management tenanted to resign following arrest of Sig. Mario, a deputy director, charged with abusing and being an accessory at offences. Back Page

**price plan** Non farm prices will be frozen for the next six months if production of commodities such as sugar is to be brought into demand. Mr. John, a member of the Government, said in Page 2

**gains ground** Socialist and Communist parties won control of all regional councils in Government parties in local elections. The controls of the 96

**Page 2**

**organ attack** Organ, Iran's Prime Minister, has been invited to appear in court over the treatment of the alleged to be a member of the Junior IRA, at length interrogation

**r summons** Mr. Newman, Ulster Constable, has been summoned to appear in court over the treatment of the alleged to be a member of the Junior IRA, at length interrogation

**on Labour** Coral Racing growing feeling among that Mr. Callaghan will tomorrow's confidence. The company stands to 600 if Labour survives reduced the odds from one to seven to four. *ymra ultimatum* Back

**n inquiry** Police are investigating a fire at a farm by Mr. Francis Pym, Foreign Secretary. He was several similar in the area but police ok for any political

**r jailed** Williams, 47, of West End, was sent to Broadmoor after pleading to manslaughter on of diminished responsibility was accused of killing people after becoming ill with the noise his ears made.

**Ry...** Climbed through the smelting furnace at a African gold mine and old worth more than

100 people were slightly when a train hit buffers at ry's Waverley station. Page 28

**PRICE CHANGES YESTERDAY** in pence unless otherwise indicated)

**RISSES:** Rattlers (G.B.) 85 + 8

Stikolene Lubricants 82 + 8

Sound Diffusion 99 + 10

Ward Hedges 95 + 3

Boveri Kent 56 + 93

Waverley Cameron 150 + 20

Winston Warbs 128 + 13

Winston Ests. 624 + 54

Malaysia Rubber 127 + 12

Anglo Ult. Devs. 220 + 6

General Mining 445 + 11

Northgate Expl. 390 + 30

Pacific Copper 118 + 16

Tara Expl. 790 + 22

Westfield Minerals 216 + 18

FALLS:

EMI 130 - 4

Brookm. Cr. 192 + 13

Owen 149 + 12

Lloyds Bank 330 - 10

Man. Agg. & Music 151 - 8

Atherton Antimony 32 - 28

## OPEC plans to cut output as Iran restores production

BY RICHARD JOHNS IN GENEVA

The Organisation of Petroleum Exporting Countries (OPEC) was about to co-ordinate production yesterday, with member States agreeing to reduce output as Iran restores production to 3m to 4m barrels a day over the next two months.

Strong pressure from the organisation's militants was also building up for a price increase of up to 30 per cent over the present official price. There was also a growing desire among all members for an agreed OPEC price structure to be adhered to.

By the evening it was unclear whether Saudi Arabia, which wants to stick to the price levels agreed for this year, would align itself with the majority of producers.

It seemed possible that the Saudi kingdom might be prepared to settle for a rise in the official price of its Arabian light "marker" or reference crude from the present \$13.335 to more than \$15.00. That is the reference price against which all other crudes have been priced.

The Saudis are also expected in the near future to re-impose the 8.5m b/d ceiling on output from its main producing field, thus taking out of total supplies the extra 1m b/d permitted for the first quarter.

Although Sheikh Ahmed Zaki Yamani, Saudi Minister of oil, did not say as much, it was implied by his assent to the proposal that members who had increased production because of the cut-off in Iran's exports

most producers certainly will not settle for an increase of less than about \$1.20 over the present reference price for Arabian light of \$13.335. Iraq and Kuwait announced tem-

### Target

Mr. Mohammed Moulavi, Governor of the Central Bank, confirmed that Iranian output is little more than 2m b/d, of which 700,000 b/d is consumed internally. The eventual rate has not been decided but it might be as much as 4m b/d or more in accordance with calculations about the country's financial requirements.

Iran, Iraq, Libya, Algeria and Nigeria have called for a basic reference price of \$17.20, almost a fifth more than the \$14.54 set at the last OPEC conference in December as the target price to be reached by the last quarter of this year.

Most producers certainly will not settle for an increase of less than about \$1.20 over the present reference price for Arabian light of \$13.335. Iraq and Kuwait announced tem-

porary surcharges of that order this month. The main question is how far above \$1.20 the increase will be.

Once again Sheikh Yamani has spoken of Saudi Arabia's preference for keeping prices down as well as his concern about the state of the world's economic health. But the kingdom cannot ignore the prospect that other members will declare higher official prices anyway.

Sheikh Yamani's task has evidently been to obtain the most reasonable compromise possible.

Mr. Tayeb Abdul-Karim, Iraqi Minister of Oil, declared that on the basis of calculations of inflation since 1975 made by the OECD, a price of about \$16.50 would be justified for the "marker" crude. On the basis of OPEC studies, however, an appropriate increase would raise "marker" crude to \$23.

Mr. Abdul-Karim and other delegates have accused oil companies of obtaining profit margins of \$2 to \$10 as a result of heavy spot market demand. The producers have threatened to retaliate by establishing a black-list.

All but four oil blocks

carmarked, Back Page

## Civil servants reject 7% but offer may rise

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT is prepared to increase a 7 per cent pay offer tabled yesterday as the first part of a staged deal for 800,000 civil servants, but ministers intend to keep the first payment broadly in line with the public sector fall-back position of just under 10 per cent.

Union officials walked out of pay talks with Lord Peart, the Lord Privy Seal, Mr. Roy Hattersley, Prices Secretary and co-ordinator of public sector pay settlements, and Mr. Charles Morris, Civil Service Minister, after 20 minutes yesterday. They said that strike action would be stepped up.

The offer entails:

• A 7 per cent rise, backdated where appropriate to April 1 this year, as the first stage of a settlement based on the findings of the Pay Research Unit compatibility study.

• The balance of the increases due from the research unit's findings to be paid on April 1, 1980, in addition to payment due in the 1980 annual increase.

• Rates based on research unit negotiations to be used as the basis for calculating pensions from April 1 this year.

• COMPAGNIE GENERALE du Jouet has reached preliminary agreement to take over Revell, the U.S. maker of plastic model kits. Page 35

• TAYLOR WOODROW, the UK construction and civil engineering company, is extending its activities in the U.S. to include industrial development.

• IBSTOCK JOHNSEN pre-tax profits for 1978 rose 17 per cent to 25.06m (£4.33m) on turnover up 39.5 per cent. Page 28

• PATERSON ZOCHONIS first half pre-tax profits rose to £9.49m (£9.18m) but for the full year to May 31, they may decline by 15 per cent from 1978's £19.48m. Page 28

• KIRKBY Manufacturing and Engineering co-operative has launched a fresh bid to save jobs in the loss-making factory by selling its assets. Back Page

• AIRLINES are meeting in Geneva this week to work out plans for higher air fares to offset rising fuel prices. Page 6

• EARNINGS outside the tax net are likely to total about 7.5 per cent of gross domestic product, Sir William Pile, chairman of the Inland Revenue, told a Commons Committee that staff losses in the Revenue, caused by higher wage rates outside the Civil Service, were causing serious concern.

Increases for assistant secretary and senior principal grades will be delayed until Lord Boyle of Handsworth's Top Salaries Review Body reports on rises due for the under secretary grade. The report is expected after Easter.

Lord Peart told the Lords yesterday that the Government

Mr. Bill Kendall, secretary general of the Civil Service National Staff Side, described yesterday's offer as a cynical repudiation of everything the Government had promised when it reinstated pay research.

Leaders of the Civil and Public Services Association and the Society of Civil and Public Servants, which have called a one-day strike next week, said selective action would be stepped up.

The moderate Institution of Professional Civil Servants authorised its members to take part in the one-day stoppage and promised selective industrial action.

The Inland Revenue Staff Federation said the Government might not be able to implement next week's Budget. The Civil Service Union's executive tomorrow will recommend participation in the one-day strike and selective action.

• Sir William Pile, chairman of the Inland Revenue, told a Commons Committee that staff losses in the Revenue, caused by higher wage rates outside the Civil Service, were causing serious concern.

The paper suggests four ways of dealing with different parts of these 2,000 miles of railway:

• A third would be closed and alternative bus services substituted, run by the National Bus Company under contract to BR.

• Another large section of the routes would be operated by a new generation of light rail vehicles now being developed by BR.

• Some lines would be upgraded to InterCity status.

The latest plan, like some of its forerunners, deals with the 55 services on 2,000 miles of

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## EUROPEAN NEWS

### Gap closes between IMF and Turkey

By David Tonge

**THE POSSIBILITY** of a lessening of the tension between Turkey and the International Monetary Fund is emerging.

Tomorrow, the IMF holds an unofficial meeting of its Board of directors to discuss whether the time has come to resume negotiations with Mr. Ecevit's government.

Officials say it is still premature to claim that the Fund has eased its demands for austerity and devaluation of the Turkish lira. Turkey, they add, will have to carry through a programme of austerity measures. Mr. Ecevit began to announce moves in this direction ten days ago.

Despite Mr. Ecevit's recent attacks on the IMF's prescriptions, a more relaxed mood is evident. Contacts between the Turkish Government and IMF officials have continued through the week.

Whether the IMF should decide to postpone some of its demands, in particular for devaluation, could be decided at the Board meeting.

Negotiations between Turkey and the IMF have been suspended for three months but are crucial, since the Western governments which have undertaken to help Turkey, and Western banks, are demanding that Turkey mend its fences with the IMF.

The Western governments who agreed on this aid at the Guadeloupe summit have asked the Organisation for Economic Co-operation and Development to co-ordinate their efforts.

Turkey's representative at the Fund, the Belgian banker M. Jacques de Groot, will be reporting to the board on his meetings in the past week in Paris and Brussels. He will also report on the visits by Mr. Emile Van Lennep, OECD Secretary-General, to the EEC and to Ankara.

Mr. Van Lennep said when leaving Ankara on Sunday that he was hoping for "co-operative action" with the IMF and banks joining in the efforts of the OECD countries. "We also hope that the World Bank will fit their actions within this context. Also the EEC," he added.

Apart from government-to-government loans, Mr. Van Lennep said he was looking for resumption of export credit guarantee cover.

In the past 10 days, Mr. Ecevit's Government has raised the prices of basic goods such as petrol (by 10 per cent), sugar (30 per cent), margarine (33 per cent), iron and steel (an average 40 per cent) and coal prices (up to 33 per cent). Vehicle prices have been raised by 25 per cent.

Such measures have provided easy targets for Mr. Suleyman Demirel, the Opposition leader. Despite his Government's policies being largely responsible for today's crisis, he has been denouncing the measures as "daylight robbery."

He has also compared Ecevit with Allende—though this job at least has rebounded since the military did not like to be considered as liable to act at any outsiders' behest.

### UGO LA MALFA DIES

## A visionary without illusions

BY RUPERT CORNWELL IN ROME

WITH THE death of Sig. Ugo La Malfa, Italy has lost perhaps its most esteemed politician—at a time when it has a real need of such men. His career spans the entire Republican history of post-war Italy, and indeed extends back still earlier into years marked by unrelenting anti-Fascism under the Mussolini regime.

A visionary without illusions, he was dubbed; a man celebrated for his pessimism amid his country's seemingly unstoppable drift towards political and economic chaos, yet one who never lost his faith that his countrymen could be persuaded to see the light of economic reason (particularly, it should be said, his own).

Over the past 35 years, no Italian politician has aroused more controversy, more snide observations from his colleagues, and more irritation at an obstinate refusal to budge from his ideas.

Yet few Italian politicians have set such store by policies as opposed to personal and factional considerations. From his vantage point in the Republican Party, which he led for the last 14 years of his life, perched between the massive blocks of Christian Democrats and Communists, Sig. La Malfa assumed the mantle of economic seer. As such, he gradually won the unchallenged respect of all sides, including the Communists.

His name was associated above all with economic rigour. Before anyone else in Italy, Sig. La Malfa espoused the idea of an incomes policy and in recent years became the most pressing advocate of measures to bring Italy's large-scale public sector deficit under control. Pithily, his last political

### EEC FARM MINISTERS

## Silkin adamant against price rises

**FARM PRICES** will have to be frozen for the next four years if EEC production of surplus commodities such as milk and sugar is to be brought into line with demand, Mr. John Silkin, the British Minister of Agriculture, said yesterday.

His demand for a price freeze is the only major item on Britain's "shopping list" at this year's farm price review which started getting down to details yesterday. The other big issue is likely to be the proposed tax on milk production, the Community's biggest surplus. The new Governments agree that excess milk production should be curbed, but each is determined to tailor the tax in a way

which would exempt its own farmers as far as possible. It became clear, however, that the British Government preoccupied with domestic troubles such as tomorrow's confidence vote in the Commons, was adopting a passive role.

Mr. Silkin suggested that for this year, the prices battle was already won. "Only the French seriously think there will be a rise this year," he said. While France, as current president of the Council of Ministers, was lining up other Farm Ministers for bilateral talks and pressuring its case for a rise of up to 2.5 per cent, Mr. Silkin indicated he did not plan any such activity.

France, and to a lesser extent

"We have explained our views 100 times. They cannot accept a freeze, albeit reluctantly. But the Commission is worried that intense lobbying by France over the past few weeks may succeed in isolating Britain.

Britain, the only EEC member to come out firmly in support of the Commission's proposals for a price freeze, has threatened to veto any amendments which raise prices. However, its reluctance to lobby actively for support among the other member states has led to speculation that Mr. Silkin, facing the possibility of an early domestic election, might not be adverse to confrontation.

France, and to a lesser extent

the two left-wing parties

ousted centre-right government coalition incumbents from 190 departmental council seats and won control of at least eight of these regional assemblies, in which the government parties had previously held a majority.

The Socialists alone captured 553 of the 1,847 council seats at stake, a gain of 188, while the Communists won an extra 32 seats. But, though the UDF, President Giscard d'Estaing's main supporters, lost 84 seats and the Gaullist RPR 49 seats, the government parties remain in control of a little more than 50 per cent of the 980 departmental councils.

The left-wing parties normally do well in local elections and the swing against the Government was generally expected. In France, as in other countries the electorate's grievances are more easily translated into anti-Government votes in local polls than in a general election.

However, the cantonal elections had been given advanced billing as the first test of the Government's popularity since the March 1978 general election, and the big gains made by the Left no doubt reflect some of the widespread discontent with Prime Minister Raymond Barre's economic and industrial policies.

For the Socialists, who polled nearly 33 per cent of the total votes cast in the second round, compared with 22.4 per cent for the UDF, 17.3 per cent for the Communists and 11 per cent for the Gaullists, the outcome was particularly heartening.

The Socialists' oft-repeated claim that they are the biggest party in the country was substantiated, at least as far as local elections are concerned. The voters' choice also indicated that they had not been alienated permanently by the bitter quarrels between the Socialists and Communists.

M. Francois Mitterrand, the Socialist leader, commented: "The fact that the Left has shown so much disunity and yet is still supported by so many French people shows a desire for unity which must be taken into account."

There was some comfort for the Government, however. All seven of the 40 members of the assembly who stood as candidates in the cantonal elections, won their seats. For President Giscard, not the least consolation was that the UDF, with 430 seats, came out well ahead of the Gaullists with 276 seats, and that M. Jacques Chirac, the Gaullist leader, lost the presidency of the Corse departmental council.

The latest figures, which relate to mid-January, indicate that the number of Italians looking for work has remained very stable over the previous three months, at slightly over 1.6m, or 7.1 per cent of the active workforce. But the number of "under-employed," who work for 26 hours or less per week, rose from 364,000 to 568,000, recorded in December.

### Gloomy Petrogal forecast

BY JIMMY BURNS IN LISBON

**PORUGAL'S** short-term economic prospects, already disrupted by the Government crisis, could be compounded this year by the effects of oil price increases on the balance of trade.

Norwegian oil companies, particularly Statoil, the state oil company, will soon have at their disposal much more oil than Norway needs for the home market. When agreeing to export oil and oil products, or to allow oil and gas to be piped abroad, the Government will seek to secure industrial co-operation agreements that will offer domestic industry new opportunities for development.

Here, however, the White Paper strikes a cautionary note: "In view of the great uncertainty which has arisen about future supplies of oil and oil products to the Western world, circumspection must be shown in earmarking large amounts of the crude which will be at Statoil's disposal."

Negotiations in connection with Norway's fourth offshore licensing round have shown how much scope there is for industrial co-operation, continues the White Paper.

Agreements reached or in train are likely to show results in the fields of mining, heavy engineering, car parts, metal processing, chemicals, petro-

chemicals, deep water technology, research and development, marketing, training schemes and licence agreements.

"Concrete talks" have been held with Sweden, Denmark, Finland and West Germany, and "contacts" have been made with France and the Netherlands.

Meanwhile, the Government has authorised the Oil and Energy Ministry to take the necessary steps to cut Norway's oil consumption by 5 per cent, in accordance with the decision of the International Energy Agency (IEA).

Chemicals, deep water technology, research and development, marketing, training schemes and licence agreements.

Despite an improvement in Portugal's external position last year (the current account deficit fell from \$1.5bn to just over \$920m), officials here agree it will be difficult to maintain such a performance this year because of the effects of international price increases.

Portugal's trade deficit last year was mainly offset by a substantial increase in immigrant remittances (up by 45 per cent to \$1.6bn) and a favourable balance in tourism, up by 57 per cent to \$421m.

officials in disagreement with the target proposed by the IMF for the reduction in the 1979 current account deficit.

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## Another trade deficit for Italy

BY OUR ROME STAFF

**THE MOUNTING** economic problems which will face whatever government finally emerges in Italy were underlined last night with the news of a £318bn (£185m) trade deficit in January.

This follows a deficit of £345bn (£202m) in December, and compares with a deficit of £238bn (£72m) in January 1978. Although recent returns suggest the volume of trade may have been understated, the figures suggest that the overall trade position is weakening after the almost unprecedented fest of virtual balance achieved last year.

The deterioration of the external front has also coincided with a rise in inflation to an annual rate of more than 13 per cent. Both trade and prices are likely to be adversely affected by the unofficial rise in OPEC oil prices in recent months, which is likely at least to be confirmed by the meeting of oil producers in Geneva.

The tendency of an economy in recovery to stick to extra energy imports was illustrated by the 16 per cent increase in Italy's "oil" deficit in January to £636bn (£347m), compared with £568,000 to

568,000 recorded in December.

However, the industrial upswing, which has led some forecasters to predict a growth rate of 4.5-5 per cent this year, has not had any evident effect on unemployment, at least as recorded in the official statistics.

The latest figures, which relate to mid-January, indicate that the number of Italians looking for work has remained very stable over the previous three months, at slightly over 1.6m, or 7.1 per cent of the active workforce. But the number of "under-employed," who work for 26 hours or less per week, rose from 364,000 to 568,000, recorded in December.

The relatively disappointing results for the Gaullists, who have been harassing the Government of which they are officially members on a host of issues, ranging from European to economic policy, should do something to restore unity in the coalition's ranks.

Information about the satellite had been included in routine messages for nearly two weeks, NORAD said. Cosmos 315 had been expected to crash later in its orbit, 6,000 miles away over the Middle East.

In January, 1978, a nuclear-powered Soviet satellite plunged to earth in the north of Canada. Emergency services tracked down the uranium debris, and a bill amounting to several million dollars has been submitted to the Russians.

A surprise attempt by the Trudeau Government to push through its lingering anti-Arab boycott legislation in one day late last week was blocked by two Opposition MPs. The Government will introduce it again today.

The call said the three organisations "are part of a fifth column created by Castro in the U.S. to satisfy his need for American dollars."

AP

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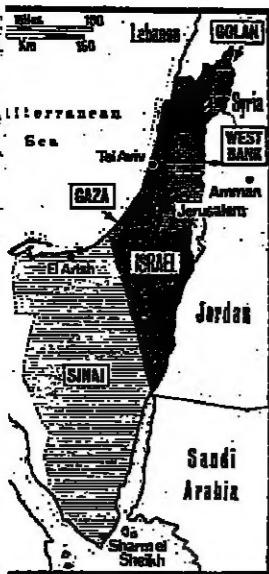
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## THE MIDDLE EAST: The problems of peace



## MILESTONES

November 1917: Balfour Declaration favouring establishment of National home for Jews in Palestine.

April 1920: Britain given mandate for Palestine by League of Nations.

May 1948: Britain gives mandate; State of Israel officially declared after 600 Palestinians have become refugees. Five Arab states make war on Israel and are defeated. Ceasefire agreed 1949.

October 1956: Israel invades Gaza Strip and Jordan in collusion with French Suez operation withdraws early 1957.

June 1967: In Six-Day War Israel occupies Gaza, Jordanian Heights and West Bank.

September 1970: Civil war between Palestinians and Jordan Government leads to diminished Palestinian power in Jordan.

October 1973: Egypt and Israel launch attack on Israel. Arab oil embargo is imposed; search for oil begins.

April 1975: Civil war ends in Lebanon. Palestinian power virtually reduced by Syria.

November 1977: President Sadat makes trip to Jerusalem.

March 1978: Israel invades southern Lebanon to reduce Palestinian terror.

September 1978: Camp David meeting: Egypt and Israel agree on two frameworks for Middle East peace which include local autonomy for West Bank and Gaza.

March 1979: Egypt-Israel peace treaty signed.

## A major challenge to the Palestinians

BY IHSAN HIIJAZI IN BEIRUT

جامعة الدول العربية

The Egyptian-Israeli treaty has confronted the Palestinians at large and their guerrilla movement specifically with the most crucial situation since the creation of the state of Israel some 30 years ago...

Dr. George Habash, leader of the militant Popular Front for the Liberation of Palestine (PFLP), declared on Sunday that: "We are going since 1948." He made his declaration when he and other top guerrilla chiefs arrived in Baghdad in preparation for a "Palestinian commando summit" to work out a common strategy to foil the treaty. The meeting is to be headed by Mr. Yasir Arafat, chairman of the Palestine Liberation Organisation.

Since it made its impact on the Middle East scene in 1967, with the main group, El-Fatah, launching its first military operation against an Israeli water pump in the Jordan valley, the guerrilla movement has survived well. It was brutally suppressed by the Jordanian army in 1970, only to re-emerge even stronger in Lebanon after the civil war and last year's Israeli invasion.

The secret lies in the Palestinian will to survive and to continue to struggle for what they regard as their rightful land and rights in Palestine.

In 1948, there were only 750,000 Palestinians, according to UN statistics. Today, there are 2.2m, excluding the 1.1m living in the Israeli-occupied West Bank and Gaza Strip. In all, over 32,000 men at arms can

be mobilised in Lebanon and Syria by the guerrillas.

The Palestinian political, social, economic and military structure has all the makings of an independent state. What it needs, of course, is what it does not have: the territory on which to instal the state.

This is why the Egyptian-Israeli treaty presents the PLO with a double jeopardy, against which they are bound to react strongly. From a Palestinian point of view, President Sadat has dropped even the minimum of linkage between the treaty and the Palestinian question when he gave up his insistence on a target date for the establishment of an autonomy in the West Bank and Gaza.

Furthermore, the reference to the Palestine issue in the Camp David accords of last September made no accommodation for the return to Israel and the West Bank of the Palestinian "diaspora".

Corned and angry, guerrilla leaders from Mr. Arafat down have made strong threats against the treaty, against the United States and Arab regimes which would not oppose the

Yesterdays, a prominent Palestinian leader threatened to strike at American, British and West German interests "everywhere" in wake of the signing.

Abu Iyad, who is only second to Yasser Arafat in the guerrilla movement, also called for an Arab-Soviet alliance to counteract what he described as the

"dirty alliance" between U.S., Egypt and Israel.

Mr. Arafat and his aides yesterday met in Damascus with visiting Soviet Foreign Minister Andrei Gromyko.

Abu Iyad was reputed to have headed Black September before it was suspended. His remarks confirm speculation that part of the PLO may now go underground again to carry operations into Europe and the Arab world.

The Palestinians will now have to depend on Arab regimes, and this could prove to be a drawback. They will continue to need financial support from oil-rich States. The effectiveness of their struggle against Israel will also depend a great deal on "rejectionist" countries keeping up the resistance against the Egyptian-Israeli treaty.

The Palestinian summit in Baghdad this week is bound to address itself to the question of ensuring a bigger measure of inter-guerrillas' unity, though this may prove difficult.

No new executive committee for the PLO was elected by the Palestine National Council, or Parliament in exile, at its meeting in Damascus in January because of differences over the distribution of seats. Mr. Arafat, who has been chairman of the PLO for the past ten years and remains very much in charge, openly declared that he felt attempts were being made to pull the rug from under his leadership and that of his group, El-Fatah.

Mr. Arafat is known to be in favour of fighting and talking at the same time even though the pressure now will be to fight first and talk later. The PLO under his leadership is prepared to negotiate within the UN framework, but not on the basis of Security Council resolution 242. All guerrilla leaders have formally rejected an offer made by President Carter this week to deal directly with the PLO if it endorsed the resolution, which makes only a reference to the "refugee" problem and not to the Palestinians.

Another major difficulty facing the guerrillas is their position in Lebanon. In the south, where they are concentrated and are constantly threatened by Israel.

In the north they are threatened by the Israeli-supplied Christian militias who seek to partition Lebanon and rid it of the 400,000 Palestinians.

Rioting schoolchildren, business strikes and school closures have underlined the Palestinians' rejection of the peace agreement between Israel and Egypt, and Israeli troops have been sent out to suppress the disturbances.

It is against this background that Egypt and Israel, with active U.S. participation, will start their negotiations on the future of the West Bank and Gaza Strip.

The purpose of the negotiations will be to define the powers and responsibilities of the self-governing authority limited in the transitional period, but they believe that full independence should eventually devolve to the Palestinians in these areas.

The West Bank Palestinians, who are far more militant than their brethren in the Gaza Strip, have rejected the whole concept from the outset. They selected Mr. Begin's autonomy plan, and were even more vehement in their denunciation of the amended plan agreed on at the Camp David summit six months ago.

Israel and Egypt have very different concepts of what that final status will be. Egypt expects an independent Palestinian entity to be set up, either fully independent or possibly linked to Jordan, or Israel, or both.

Israel is offering something quite different. The autonomy plan proposed in December 1977 by Mr. Menachem Begin, the Prime Minister, is based on cultural freedom, not national independence.

Mr. Elias Freij, Mayor of Bethlehem, considered the least politically ideological of all the elected mayors, explained this week: "Not a single West Bank leader would be prepared to join in the negotiations for a kind of autonomy under which Israel would remain the dominant governing body in the West Bank and Gaza Strip."

Mr. Freij, long identified as a supporter of King Hussein and often visited by supporters of the Palestine Liberation Organisation (PLO) added: "We reject the Israel-Egypt peace treaty by which President Sadat has sold us out."

The Mayor of Bethlehem has the same basic demands, as the more dominant radicals on the West Bank: an end to Israel settlement and full self-rule for the territories.

They will refuse to join the peace negotiations because they do not believe that Egypt or the U.S. has the will to persuade or force Israel to withdraw to the 1967 borders and to allow the creation of a Palestinian state. They quote myriad Israeli statements in support of their belief.

This could eventually lead to a joint Arab call, backed by Moscow, for a solution to the Middle East issue via a reconvened Geneva conference, while militant groups may look for resumption of guerrilla action.

Press reaction in Iraq to the Egyptian signing of the peace treaty has been predictably fierce. Demonstrations are planned in Baghdad and other cities.

Arabs will discuss sanctions today

By Roger Matthews in Baghdad

ARAB FOREIGN and Economic Ministers meet in Baghdad today to discuss and implement political and financial sanctions against Egypt, amid signs of a public reversion by the host nation, Iraq, to its former radical stance.

The Arab mood ranges from deep ideological bitterness to mere self-interested dismay at President Sadat's unilateral action.

But Iraq has warned that it will consider as traitors those who fail to act on decisions reached at the Baghdad summit last November.

These decisions included suspension of Egypt from the 22-member Arab League and removal of the league's headquarters in Cairo.

More important, a number of other economic and political sanctions were secretly decided on in November. The main argument of the next three days will be how and to what degree these should be put into operation.

It is widely thought here that Iraq will lead an attempt to force Saudi Arabia and the other conservative Gulf states to choose whether they stand with the "Arab world" or with Egypt, the U.S. and Israel.

At least 15 countries are expected to attend the opening session of the foreign and finance Ministers meeting. King Hussein of Jordan has arrived on a separate but closely related visit.

Significantly, a number of radical Palestinian leaders are already in Baghdad and it is expected that Mr. Yasser Arafat, the PLO chairman, will attend.

Mr. Andrei Gromyko, Soviet Foreign Minister, has just completed a visit to Syria and indications exist of a new Arab diplomatic offensive, with radical elements sponsoring more direct moves against Egyptian, Israeli and U.S. interests.

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## What the U.S. is committed to do next

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

WHAT THE U.S.—not to mention Egypt and Israel—has to do next if the bilateral peace agreement is not to fall apart has been outlined by President Carter.

Answering questions in Dallas on Sunday, he also conveyed an impression of U.S. hopes and qualms.

Referring to the tortuous negotiations, the President spoke of the benefits he saw ensuing from the opening of the borders between Egypt and Israel, which he thought would overcome the "threats and posturing, and possibly some acts of terrorism," by opponents of the Middle East agreement.

Washington has no illusions that, having brought the Egyptians and Israelis to this point, the rest will be easy. Nor is there over-optimism that the resistance of other Arab nations to the bilateral agreement will be overcome easily.

The U.S. is intent on so inserting itself into the arena, politically, economically, and if absolutely necessary, militarily, as to ensure that the Pax Americana works.

Such application will not be easy to sustain, given the consuming U.S. interest in its own domestic wellbeing. Already, rumblings of opposition are being heard to what critics claim is the blank cheque both Israel and Egypt have been given to draw on the U.S. Treasury at a time of domestic stringency.

Mr. Carter and his advisers will argue that the volatility of the Middle East, exacerbated by the religious revolution in Iran and the apparent determination of the Soviet Union to reassert itself in the area, demands that a flexible policy should not be hamstrung by congressional pique.

For all the immediate necessity of sustaining President Sadat, keeping the Saudis cool, preserving lines of communication with King Hussein, and perhaps even trying some fresh initiative in Lebanon, the fate of the Palestinians remains the nub of the issue.

They will refuse to join the peace negotiations because they do not believe that Egypt or the U.S. has the will to persuade or force Israel to withdraw to the 1967 borders and to allow the creation of a Palestinian state. They quote myriad Israeli statements in support of their belief.

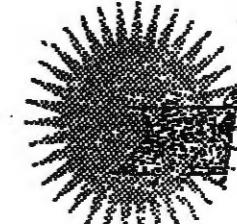
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## OVERSEAS NEWS

# Rebels closing in on Amin



President Amin—a matter of days?

**Bazargan attacks Khomeini**

By Simon Henderson in Tehran

**DR MEDHI BAZARGAN**, Iran's Prime Minister, has made a thinly-veiled attack on the influence of Ayatollah Khomeini and other religious leaders, in an attempt to show sympathy with middle-class fears about the rule of Islam.

Dr Bazargan's remarks, in a speech in Tabriz, north-west Iran, seem calculated to avoid political divisions deepening over whether Iran should be a mainly secular or fully Islamic State. Dr Bazargan accused the clergy of having the fanaticism of the dynasty of the exiled Shah.

A referendum on Iran's constitutional future is to be held on Friday. But many Iranians, including, it is believed, Dr Bazargan himself, are concerned because the question is expected to ask narrowly whether the voter wants an Islamic republic—Yes or No? The Left-wing and many of the middle-class are expected to abstain.

The middle class has been dismayed by the stringency of Ayatollah Khomeini's vision of Islam, with its summary trials and executions, the threat to the Western-type economy, and the restrictions it puts on the status of women.

In his speech, Dr Bazargan said it was wrong to call everything with the stamp of the West anti-Islamic, anti-Iranian and anti-independence.

Dr Bazargan has had several clashes with the Ayatollahs, and, at one point, threatened to resign. The other challenge to the Prime Minister's authority comes from the workers' control of factories and businesses taken over since the revolution last month.

Two English-language newspapers and one French-language publication—the only foreign Press in Iran—issued their last editions last night. The workers have stopped the management obtaining advertising.

## THE FATE OF BHUTTO

# Forces behind Zia's final decision

By CHRIS SHERWELL IN ISLAMABAD

**THE DECISION** of the Pakistan Supreme Court to reject the review petition of former Prime Minister Zulfikar Ali Bhutto has finally and irrevocably placed the fate of Mr. Bhutto exclusively in the hands of the man who overthrew him, General Zia-ul Haq.

In one sense, the court decision solved nothing in that it left the verdict unchanged but appeared to favour the exercise of clemency by General Zia. But by the same token, it left General Zia with just the scope for leaving decisions to the last moment that he seems to relish.

But a final decision of some sort now seems at hand. In determining whether or not to grant clemency, General Zia will need to take into account complex political pressures. General Zia's instinct for survival has been nourished by his adeptness at short term manoeuvring. Nothing better illustrates this than his attitude towards elections, which last week he announced would now be held in November.

General Zia promised to hold elections within 90 days of arrival in power, and decided against it. Polls expected six months and a year later never materialised. In the face of growing pressure from the politicians he subsequently committed himself to 1979 as "election year" then, last Friday, the day before Mr. Bhutto's death sentence was confirmed, General Zia played his card and announced a date: November 17. Although the move won him support at a critical moment, people are wondering whether polls will really be held.

The unknown factor is Mr.

Opposition forces

were said yesterday to be closing in on President Idi Amin of Uganda, prompting speculation that his eight-year-old regime might end within days.

The President was cut off in his official residence near Entebbe airport by Tanzanian tanks, according to a presidential aide who telephoned reporters in Nairobi. But the Tanzanians denied that their tanks had cut the Entebbe-Kampala road as announced by Uganda Radio.

Ugandan exiles in Kenya said the tanks which had been sighted near the official residence were Ugandan. The exiles claimed there had been a military coup against Amin led by his Minister of State for Defence, Brig. Emilio Mondo.

Military analysts believe it would have been difficult for the Tanzanians to have moved their tanks as far as Entebbe because they would have been too vulnerable to air attack from President Amin's Libyan-piloted MiGs.

Tanzanian intelligence officials said the defences of Entebbe and Kampala had been breached by the capture of the

town of Mpigi. The airport and the outskirts of the capital were within range of the 122mm guns which the Tanzanians have been using.

Diplomats and exiles said Brigadier Mondo had made contact with Ugandan exile groups. These groups had set up a United Front at a meeting in northern Tanzania at the weekend and Brigadier Mondo intended to negotiate peace with the invaders, they said.

When questioned about the reports of Brigadier Mondo's defection, the Presidential aide in Kampala denied that the Brigadier was disloyal to Field Marshal Amin.

Before the newly-imposed curfew in Uganda was lifted at dawn, Uganda Radio said the Kampala-Entebbe road had been cut but that Field Marshal Amin was planning an attempt to reopen it with a handful of soldiers and airmen. He would show that 20 men could fight against 20,000, the radio said.

Since a dusk-to-dawn curfew and the closure of the country's airspace and international airports were ordered yesterday, the radio has been playing martial music between news bulletins.

# Changes urged on Emirs

**THE UNITED** Arab Emirates has witnessed a burst of political activity recently which contains the seeds for enormous change. For the first time in its seven-year history, people are openly discussing the possibilities of direct elections to the National Assembly, and the future roles of the ruling sheikhs in a modern state.

These are nervous times in the UAE because of the crisis in Iran and the question of unity between the seven sheikhdoms has suddenly become a major issue. Ever since the federation was formed on Britain's withdrawal from the Gulf in 1971, there has been tension between those emirates wanting a stronger federation, which is likely to enhance the power of Abu Dhabi, by far the richest emirate; and others, led by Dubai, preferring a looser arrangement.

Competition between the emirates has encouraged wasteful economic duplication and an enormous influx of immigrants, hence the pressure from UAE nationals for more federal unity.

Last week the pace quickened with the submission of a memorandum by the 40 member Federal National Council, a fledgling National Assembly which has only advisory powers. Headed by an articulate Sharjan, Taryam Omran, it made a number of demands to a meeting of the Supreme Council of rulers, which was meeting for the first time since November 1976.

The memorandum included many points which would appear certain to lead to the erosion of the authority of ruling sheikhs. They include the abolition of all internal borders, the unification of all emirates' income, the unification of defence forces, the ending of all foreign influence in the economy, the purging of "aliens" in the army, and a broadening of the council's legislative powers.

And the demands were backed by the UAE Federal

Cabinet and also by unprecedented public pressure. By the time the Supreme Council met there was pressure for total unity, and a petition along the lines of the council's was handed to Sheikh Zaid, UAE President and Ruler of Abu Dhabi, by several thousand demonstrators. Marches were held by young educated federal enthusiasts all over the country, although particularly in emirates known for their reliance on Abu Dhabi for their development.

It is believed the demonstrations took even Abu Dhabi by

surprise, but the net effect of this growing pressure has increasingly been to isolate Dubai. The seven rulers last week discussed the veto system: both Abu Dhabi and Dubai hold the right of veto in the council, but owing to Abu Dhabi's powerful influence over the non-oil emirates, it has become an important weapon for Dubai. Now it appears that a number of groups, including the Federal National Council, wish Dubai to give up the veto.

The attitude of the council to what are, in Gulf terms, quite revolutionary demands, is that the people of the UAE are going through enormous changes and that the Government should change also. Taryam asks: "Why not have direct elections? We are keen to see that. Do you think our new educated people will accept the old system?" The events in Iran have speeded everything up, he believes, and now is, perhaps, the last chance for the UAE to avoid any future trouble. He emphasises that this does not necessarily mean

the end of the ruling sheikhs.

"They will still be the supreme authority, but if they want to build a modern country, they should go with the times," he said.

Now that the ball is rolling, almost every educated national of the UAE is likely to back the National Council's demands.

Many of them, including officials are talking of complete unity between the emirates, not merely the strengthening of the federation, whereby the ruling sheikhs become regional governors. Looking after the interests of their own citizens and localised affairs.

The rulers are due to respond to the Council's demands today. But Dubai and another emirate, Ras al Khaimah have refused to attend. The meeting is going ahead, but no decisions can be made without consulting all the Rulers. The situation has been further confused by a ban from the presidential court in Abu Dhabi on all marches in the federation.

While several emirates see the marches as spontaneous, both Dubai and Ras al Khaimah, which have strong ties and a tradition of independence, firmly believe they have been organised by Abu Dhabi to put pressure on them. A large contingent at a demonstration last week came from Al Ain University, which is controlled by Abu Dhabi.

Dubai emphasises that it will never leave the federation but believes Abu Dhabi wants to increase its influence. It says it may be willing to give up its veto, when the Federal Government has become more experienced and efficient. It does not want to submerge its armed forces in a national force until the armed forces consist of a majority of nationals, not "foreign mercenaries" as one high-ranking Dubai official calls them.

Dubai, while accepting the right of the Federal National Council to make some more radical demands, does not think that such steps can be considered overnight.

By Richard Hamon in Tokyo

**CHINA** WOULD be wise to rely exclusively on financing its development plans on credits subsidised by other governments rather than become dependent on higher-cost commercial loans, Mr. William J. McDonough, executive vice-president of the First National Bank of Chicago, said yesterday.

Estimates have placed the cost of the project at \$10bn with payment to the U.S. and Japan in natural gas at a rate of 10bn cubic metres a year for 25 years. Because of the size and complexity of the project, negotiating progress has been slow. Great importance has been attached to the confirmation of 1,000bn cubic metres worth of reserves.

Mr. Zoteev said that the level of 1,000bn cubic metres, which

is considered the minimum necessary for the economic and technical feasibility of a proposed multi-billion dollar Soviet-U.S.-Japanese cooperation project would have been confirmed sooner but for delays in the licensing of U.S. computers for vibro-seismic stations.

However, he said that the gas exploration work in South Yakutia was now proceeding rapidly following the solution by Soviet specialists of problems of transport and drilling in permafrost. Conditions had now been created for contracts to be signed.

Soviet officials believe that South Yakutia's total gas reserves may reach 13,000bn cubic metres. Even with the expected confirmation of the first 1,000bn cubic metres, however, negotiated progress may still be far away.

By DAVID SATTER, RECENTLY IN YAKUTSK, SIBERIA

**THE GAS** deposits of the South Yakutia area of Siberia, which the Soviets would like to exploit with U.S. and Japanese cooperation, will be confined to the level of 1,000bn cubic metres by the end of 1980, according to Mr. Alexander Zoteev, the director of Yakutneftegazravdika, the oil and gas organisation which is undertaking the exploration.

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JAPAN

# Major boost or industrial aid scheme

JOHN ELLIOTT, INDUSTRIAL EDITOR

OR EXPANSION of the building up on Merseyside overment's industrial aid over the large number of redundancies in the area.

BICC last Friday announced plans for 490 redundancies in Kirby where the uncertain future of the Kirby Manufacturing and Engineering workers' co-operative is putting another 700 jobs at risk.

The proposed new aid arrangements form part of the service industries' grants scheme which is operated under the Industry Act 1972. Service Industry grants are available to all companies setting up offices, research and development units and other projects in assisted areas, providing the company can prove it has a genuine choice to make between different areas.

## Revived Thorne pit will employ 1,450

JOHN LLOYD

NATIONAL Coal Board announced details of its plan to spend £180m on power station use. The pit would also serve the industrial and domestic markets.

pit was closed in 1956 due to flooding and shafts, which the NCB has said. It is expected to a annual production of tonnes by the mid-1980s, will make it the largest in the UK.

ever, it is understood he Central Electricity Board, which would colliery's largest customer has not yet been con on the marketing of its output. It is thought 's reservations on the quality.

NCB's Doncaster area last night that the coal have a high chlorine content said that like other from the Barnsley seam

which Thorne would work, it could be successfully blended for power station use. The pit would also serve the industrial and domestic markets.

Mr. Jack Woods, director of the Doncaster area, said: "This is a red-letter day for the coal industry. Some of the men who used to work at Thorne Colliery in 1956 will be returning to the pit."

Workable reserves at Thorne are thought to be about 140m tonnes, enough for 70 years production. When completed, the pit is expected to be the most highly automated in the country.

Its reopening will also mean that the two most modern and productive colliery developments of the 1980s—Thorne and the Selby complex expected to be producing 10m tonnes a year by the latter part of the decade—will be in the Yorks area, representing a total investment of more than £300m.

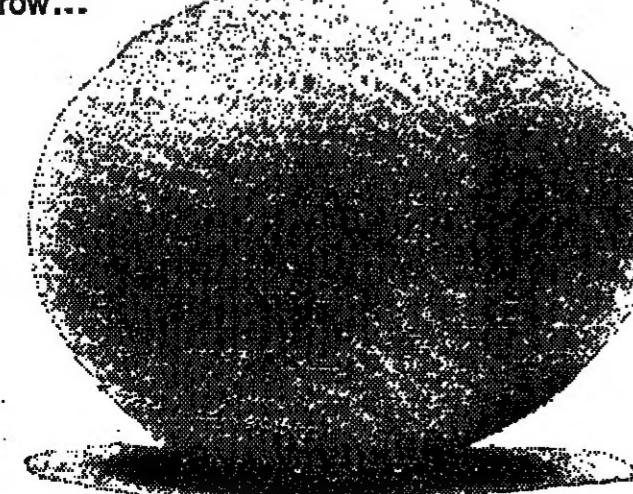
Come to the North of England—and you'll have room to grow. We have the right environment, backed by loans and grants at the highest rates and there are many other incentives too.

First class industrial and commercial properties are available at attractive prices. There is land to spare. Our workforce is dedicated and pay rates are competitive.

Add in the advantages of smooth communications and easy reach to UK markets and to Europe. The prospect takes some beating.

If it's time for your company to re-locate or move into expansion, come and see us.

You'll grow...



Tell me more about the North of England as a site for re-location.

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Position in company \_\_\_\_\_

Company Name \_\_\_\_\_

Address \_\_\_\_\_

Please post to John L. Hobbs, Director, North of England Development Council, Bank House, Cairol Square, Dept. FT. 2, Newcastle upon Tyne, NE1 6XE.

The North of England Development Council

# North Sea oil find encouraging

BY KEVIN DONE, ENERGY CORRESPONDENT

CONTINENTAL OIL, the U.S. company, has made an encouraging discovery in the North Sea about 100 miles south-east of the Shetland Islands and some five miles south-east of Mobil's Beryl Field.

The find is in block 9/18, where Conoco is the operator for a group including the British National Oil Corporation and Gulf Oil.

The discovery well, 9/18a, was the third to be drilled on the block, which was first licensed in the Third Round in 1970.

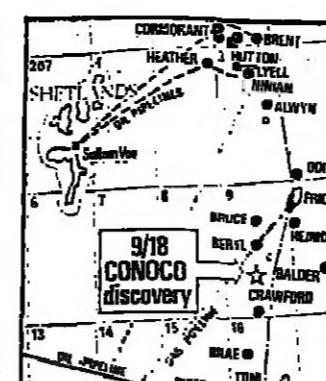
Conoco carried out tests on two different levels of the main reservoir, which is in Jurassic sandstone. Both tests flowed a light, high-quality crude (38-degree API) at rates

of 3,500 and 5,500 barrels a day. A lower Jurassic zone produced a flow of 900 barrels a day.

This latest North Sea find has been made in an area with a complicated geology. The block to the north, where the Beryl Field is located, has been shown to have numerous faults.

### Complicated

Conoco said yesterday that additional wells would have to be drilled to determine whether the find was commercial. The rig, Dundee Kingsnorth, which drilled the discovery well, is being released, but Conoco said that additional exploratory wells were planned for the area later this year.



them into one development. A similar process has occurred on the Beryl block, where Mobil is planning to develop smaller accumulations of oil, known as North Beryl.

Conoco is already stretched in the North Sea with its involvement in the Murchison and Statfjord developments. It is also expected to apply by the end of the year for development approval for the North Sea Hutton Field.

It has several other North Sea finds still to evaluate in blocks 3/2, 15/30, 9/19 and 21/18.

The well in block 9/18 was drilled to a depth of 3,506 ft in 390 ft of water. Conoco, Gulf and BNOC all have a one-third share in the block.

## Speke closure will go ahead on April 19, says Dunlop

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

CLOSURE OF Dunlop's Speke company refused to reopen it unless the workers there agreed to normal working.

Mr. Hope, who took up his post on February 1, said there was "nothing vindictive" about the choice of Speke as the plant to go.

The unions opposing closure had so far failed to come up with a viable alternative, he added.

The move is part of a major rationalisation of Dunlop's tyre business in the UK.

The Speke plant was closed during the haulage drivers' dispute in January, and has remained shut because the

company refused to reopen it unless the workers there agreed to normal working.

Mr. Hope, who took up his post on February 1, said there was "nothing vindictive" about the choice of Speke as the plant to go.

Reduction in work forces at other Dunlop plants, part of a total cut of 3,100 from the 11,250 in the tyre division, is also planned.

By midsummer the division would have been restructured and split into small profit centres. He predicted that investment in tyres would "almost certainly" top the previously-announced £75m in the next four or five years, illustrating Dunlop's commitment to the business.

But the investment must be

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There will be much more semi-automatic equipment used in the future."

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## UK NEWS

# Coal power stations 'cheaper than nuclear'

BY JOHN LLOYD

A REPORT to be published this year by the International Energy Agency will claim that electricity can be produced from coal-powered stations more cheaply than it can from nuclear stations at present. UK coal prices when both are running at base load or effectively full capacity.

This conclusion accords with the views of Mr. Anthony Wedgwood Benn, the Energy Secretary, who said recently in an interview with the Financial Times that he believes coal may be relatively cheaper as a base-load power station fuel.

Much of the basis of the report, which will be published by the Coal Research Division of the Agency, was put before a conference on the fast-breeder reactor last year by Mr. Michael Prior, an Agency economist.

Mr. Prior's paper makes it clear that no final conclusions may be drawn because the forecasting uncertainties are so large.

Future coal prices are the most important variable. It is understood that the Agency investigations show they may rise at under 1 per cent a year

in real terms until the year 2000. In contrast, the Government view, expressed in a paper by the Department of Energy to the Energy Commission last year, is that the rise may be 1.5 to 2 per cent or even more, showing a real cumulative rise of around 10 per cent by the mid to late 80s.

The Agency assumes that considerable productivity increases will be gained from new "super-pits" at Selby, the Vale of Belvoir and elsewhere.

Mr. Prior's paper concludes that the fast-breeder reactor, which still awaits a decision on its future use, "will be introduced at a capital cost which will make it uneconomic with respect to both thermal nuclear and coal at almost any conceivable fuel price."

Nuclear station capital costs constitute the second of the important variables in the discussion of coal/nuclear economics, the third being the internal discount rate.

The paper uses two discount rates: 5 per cent, which is the rate currently applied by the Treasury to all energy projects

in the public sector—and 10 per cent, which was its previous rate. The conclusion is that "the cost margin for coal is significant at 10 per cent, though small at a 5 per cent discount rate."

The lower discount rate is more favourable to nuclear plants because of their much higher capital costs.

The paper admits that the advantage to coal would decrease if requirements for sulphur emission control, which may be applied in the future, were to become law.

The reports are likely to cause controversy when they are finally published. At present the Energy Department's view remains that of the Energy Commission paper, which concludes that "overall, a nuclear station does appear to have an advantage in this respect (escalation of fuel prices) unless coal does very well indeed."

The Central Electricity Board is similarly convinced of the cost advantages of nuclear stations at base load, and even the National Coal Board seems to have conceded much of the base-load costs case.

## Consortium to develop Brentford Market site

BY CHRISTINE MOIR

THE LONDON Borough of Hounslow has appointed Newington Consortium to carry out the £20m redevelopment of the former Brentford Market.

The scheme is still in its early stages and planning applications have not yet been submitted, but the concept is for a 150,000 sq. ft. office block in the first phase, a 45,000 sq. ft. warehouse, and a cabaret/entertainment complex.

The consortium was set up for the project. It is headed by Mr. Edward Dadley, a former director of Tesco, so it is not surprising that one of the

## High price of working overseas

By Lim Wood

A BRITISH expatriate working in Japan must spend 2.7 times as much as he would in the UK to maintain the same standard of living.

A survey prepared by Employment Conditions Abroad, which collects information on all aspects of employment for international companies, compares expatriate living costs in 151 countries, to assist member companies in payment of overseas employees.

A Swede in Japan would pay only 1.6 times as much to enjoy the same life-style as at home, says the survey. For a West German, the factor would be 1.7 and for a Dutchman it would be more than twice as expensive to live in Japan.

This year's survey by ECA is the first time it has produced indices against Dutch and German bases. Previous surveys have had UK and Swedish bases.

The survey also indicates the impact of inflation on the expatriate. "This ranged from 178 per cent in Argentina to a deflation in living costs in Montserrat of 2.3 per cent," it says.

The information was collected from more than 1,000 questionnaires completed by the overseas representatives of ECA's member companies towards the end of 1978. The comparisons are based on an expenditure pattern reflecting a typical upper income family life-style in the home country, according to ECA.

## Communists not united say Fabians

By Our European Editor

THERE IS no united Eurocommunist movement nor is Communism "on the march" in the West. Socialists rather than Communists are making the running in Western Europe.

These are the conclusions of a Fabian pamphlet on Eurocommunism by Mr. David Scott Bell. The Eurocommunist label no more describes a single social reality or unified movement than does Christianity, he says.

In most West European countries, says the pamphlet, Communism is well below its immediate post-war popularity level.

Those parties most usually thought of as Eurocommunist, the Spanish and Italian, are well on the way towards social democracy, the pamphlet says.

Eurocommunism, David Scott Bell, Fabian research series 342, Fabian Society, 11 Dartmouth St., London SW1H 9BN, 90p.

For many people quarterly bills can be a headache. That's why British Gas offer a helpful choice of ways to spread the cost of your gas more evenly throughout the year.

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Also available from your local gas showroom is a copy of the revised Code of Practice on the payment of bills, which applies to cases of real hardship. It tells you what to do and how your Gas Region may be able to help if you are in genuine need of assistance.

BRITISH GAS

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The whole of Wales is an assisted area. Which means that by moving or expanding into Wales you could benefit from the wide range of Government incentives available.

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Much is being done to upgrade and improve the roads throughout Wales. The M4 reaches into South West Wales providing a direct route for the passage of goods to the London area and the Midlands.

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Nature of Business \_\_\_\_\_

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FT301

# What sort of carrot will it take to persuade you to move to Wales?

## UK NEWS

## PARLIAMENT and POLITICS

# Higher fares planned as airlines warn of delays

BY LYNTON MCALPIN

WORLD AIRLINES meet in Geneva tomorrow to work out plans for higher air fares. Meanwhile, the International Air Transport Association has given a warning that holidaymakers can expect delays at European airports this summer.

Mr. Kurt Hammarskjöld, the director-general of IATA, whose members are to meet in Geneva, said airlines expected a major problem with delays this summer. "The air traffic control system in Europe may soon be unable to cope with the growing number of aircraft," he said.

Air travellers are also expected to have to pay higher basic fares and surcharges for rising fuel prices. Shortages of fuel have already led to the cancellation of some flights in the U.S. A number of airlines gave notice before the Geneva meeting of possible fuel surcharges.

The British Airline Pilots' Trans World Airlines, the Association said that Spanish

biggest airline on the North Atlantic routes, plans to ask the U.S. Civil Aeronautics Board for permission to introduce a surcharge of 7 per cent on all tickets sold after April 15 for flights from May 1. British Airways may follow with a similar surcharge.

The IATA members are expected to discuss proposals for increases of at least 5 per cent in the basic cost of a ticket. The European Parliamentary Transport Committee was told by French officials in Paris last week that another strike or work-to-rule by French air traffic controllers was expected this summer.

The controllers' industrial action last year severely cut the number of aircraft on flights to Spain, the Canary Islands, North Africa, and Portugal. Backlogs of aircraft built up at airports all over Europe.

The British Airline Pilots' Association said that Spanish

controllers had taken frequent industrial action over the winter. Similar action is also threatened by controllers in Greece and in Italy, and the air traffic control system is expected to show signs of strain in the peak months this summer.

The prospects of further delays came as the British Airports Authority published a survey which showed that London's Heathrow Airport was the least liked of all British airports. The authority said that the worst feature of British airports was the time taken for baggage reclamation.

The placing of Heathrow at the bottom of the list reflected its congestion, the authority said. The airport was approaching its capacity limits.

In contrast, passengers thought that leaving Stansted was "quick and simple." Their luggage was also treated well, the survey said.

## U.S. moves by Taylor Woodrow

By Michael Cassell

TAYLOR WOODROW is extending its range of activities in the U.S. to include industrial development.

The UK construction and civil engineering specialist is already active in the U.S. through its substantial interest in the Blitman Corporation construction group, and housing work in Florida and on the West Coast. It has a stake in U.S. opencast mining.

Taylor Woodrow Industrial Estates said yesterday that it too would operate in the U.S. Work would begin in June on its first development, through a new company in San Francisco, on a 30-acre site at Vissalia, California.

The first phase of the Sequoia Industrial Park will provide 150,000 sq. ft. of industrial space on a 10-acre site. Units will be available for leasing or sale, and provision is being made for "custom-designed" buildings.

Mr. John Hone, chairman of Taylor Woodrow Industrial Estates, said that the company had examined opportunities for industrial development in the U.S. for over a year, and he believed the area in which it intended to operate initially was "a very good investment area."

Further development sites were currently being considered.

Mrs. Williams also accused certain elements in the public service unions of seriously affecting the education of many children during the recent strike.

It was important that entry to schools should not be controlled by a caretaker or any other person, and that head teachers should have access.

"We need to find ways of protecting schools from the effects of industrial disputes... All of us concerned with this problem should now work out how far the proposals in the recently published Trades Union Congress guidance on industrial disputes should apply to us in education."

## Industry opposes new exams, teachers told

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

INDUSTRIAL OPPOSITION to proposed changes in either the GCE Advanced-level or in the major national 16-plus examinations was emphasised yesterday by Sir John Methven, director of the Confederation of British Industry.

"Any reform of the system must retain the confidence shown by employers and the public in the reliability and consistency of the present system," he told the annual conference of the Secondary Heads Association in Warwick.

Industry doubted the usefulness of the system of Normal-level and Further-level exams suggested by the Schools Council as a broader replacement for GCE A-levels as the major 16-plus examination.

Although accepting in principle that there should be a single system of 16-plus exams instead of the present GCE Ordinary levels and the less academic Certificate of Secondary Education, the CBI had doubts about the scheme for change currently before the Government.

"These include the ability of the new system to do full justice to the needs of all pupils concerned, particularly the most and least able; the preservation

of overall educational standards; and the retention of a strong and predominant role for external examining bodies," Sir John added.

Mrs. Shirley Williams, Secretary of State for Education and Science, told the conference that while the Government was in no way committed to abolishing GCE Advanced levels, it welcomed discussion on reform.

She believed it would be premature to reach a conclusion on this before seeing the effects of the single 16-plus system, which she indicated could still be introduced by 1985.

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## Isabey miniature fetches £5,200

A MINIATURE by Jean Baptiste Isabey of four small children, painted about 1810, sold for £5,200, plus the 10.8 per cent buyer's premium, at Sotheby's yesterday. It was bought by Eskenazi and was the top price in an auction of miniatures and silhouettes which totalled £33,861. Another miniature by Isabey, of Anne-Hyacinthe-Maxence, Comte de Darvas, made £4,000.

The first day of a book auction at Sotheby's brought in £46,747, including £8,000, plus

the premium, for a vast series of plates relating to Eugene Francis, Prince of Savoy, published in the 1790s.

### SALEROOM

By ANTONY THORNCROFT

Christie's disposed of porcelains for £46,580. Burnley Antiques paying £1,800 for a

Ridgeway's green-ground part dessert service of around 1830. At the weekend in New York Christie's held an art nouveau and art deco sale which totalled £538,000. A peony leaded glass and bronze table lamp by Tiffany was bought by a New York dealer for £20,000, and a gilt bronze figural lamp by Raoul Larche fetched £17,500.

An opal, enamel and gold brooch by René Lalique, circa 1900, was bought by Simpson, the New York dealer, for £14,000.

## BANKING IN THE UNITED STATES CONFERENCE

# British acquisitions in U.S. could still be reversed

By WILLIAM HALL

EVEN THOUGH the Federal Reserve has given its blessing to the three recent British acquisitions of U.S. banks costing close to \$1bn, there is an outside chance that future legislation on foreign takeovers of U.S. banks may declare the deals void retroactively.

U.S. Representative Henry Reuss, chairman of the powerful house banking committee, said in London yesterday that "it was neither possible nor desirable to attempt to rush through Congress in a few days legislation forbidding such acquisitions."

In the past year foreign banks have applied for permission to buy U.S. banks with total assets of \$23bn. The three largest proposed acquisitions—Marine Midland, National Bank of North America and Union Bancorp—have domestic assets greater than the total domestic assets of 32 U.S. states. Small U.S. banks are worried about the threat to their independence while major U.S. banks are unhappy because they are often forbidden to take over similar sized banks.

Speaking at a conference, Banking in the United States, organised by City forum and sponsored by the City University and the U.S. Government Research Council, Mr. Reuss said it was not a good idea to impose "ill-thought-out barriers" on international capital movements. However, he added he was aware that the home countries of the acquiring banks "would have fits" if Americans tried to take over their banks.

Mr. John Heimann, U.S. Comptroller of the Currency, said at the same conference that he was "particularly sensitive" to the special problems posed

by the entry into the U.S. market of foreign banks.

"Different national laws and customs regarding the disclosure of information which we require from our domestic institutions may make it difficult to permit entry at times," Mr. Heimann said. "Moreover, the inability to obtain the quantity and quality of pertinent information about the related activities of the foreign owner and the absence of ready jurisdiction over controlling principals gives further cause for concern."

The foreign bank invasion is only one of many pressures forcing changes in the U.S. financial and regulatory structure, which has remained virtually untouched since the banking crisis of the 1930s.

Mr. Heimann spoke of the need to consider seriously "the phasing out of legal constraints on geographical bank expansion" in the U.S. These are enshrined in the 1927 McFadden Act.

"Such restraints create inefficiencies for forcing banks to devote resources seeking ways to circumvent these barriers."

On the subject of the Glass Steagall Act, which forbids U.S. commercial banks to undertake investment banking, Mr. Reuss and Mr. Heimann agreed that there was a case for scrutinising the legislation.

However, both hinted that any reforms would be piecemeal. The 13,000 small banks in America, with average assets of \$27m each, are a powerful lobby against change. In an election year (1980) the possibility of pushing through any major reform on the banking system would seem slight.

"No unilateral, financial disarmament."

If it later develops that future acquisitions, or indeed the current proposed acquisitions, require statutory treatment, statutory treatment can be provided—probably prospectively but conceivably retroactively."

Mr. Reuss added that retrospective legislation was not very likely. He said that foreign acquisitions by U.S. banks ought to be considered on the same general footing as those by domestic banks.

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to continue talks on the civil service pay claim. At the same time, the Minister in charge of the Civil Service, Lord Peart, said yesterday.

He was speaking in the Lords soon after the unions had rejected the Government's 7 per cent offer.

After angry clashes, the representatives of the eight unions walked out of the meeting with Ministers.

Bill Kendall, a civil service staff negotiator, said the offer was a cynical repudiation of everything the Government had promised when it reinstated pay research for civil servants.

But Lord Peart told peers: "I am anxious that the talks, which

have been interrupted, will continue. It is in the interests of civil servants that they have a meaningful relationship and discussions with the Government."

"I am anxious that we should get on with this, and there is no reason why we should not," he said.

In the Commons, Hal Miller (C Bromsgrove and Redditch) challenged Mr. Charles Morris, Civil Service Minister, to explain why the Whitsell unions had been offered less than the dustmen.

Mr. Morris said the civil servants—offered 7 per cent compared with the dustmen's 9 per cent—were a different case because they had their own pay research unit.

This, said the committee, was because Parliament had authorised the printing of Hansard but had not authorised newspaper reports.

The committee recommended extending the protection already afforded to all fair and accurate reports of Parliamentary proceedings in the House.

"These enjoy qualified privilege in actions of defamation at common law. But no such qualified privilege is available in criminal proceedings apart from criminal libel."

## Peart ready to renew talks

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The committee said it seemed

# Tories promise more pay to troops

BY JOHN HUNT

THE ARMED services will get a better pay deal if a Conservative Government is returned to power at the next general election, Sir Ian Gilmour, the Tory defence spokesman, promised yesterday.

A Conservative government would achieve this by restoring to the services full comparability with civilian pay levels this year instead of waiting until 1980 as proposed by the Government.

Sir Ian gave his undertaking in the Commons during the opening stages of the two-day debate on the Government's annual defence White Paper.

He condemned the Government for "wilful neglect" of Britain's defences and claimed that under Labour the services had suffered the worst five years

which is opposed to any increase in defence spending.

The Government motion before the House endorsed the White Paper on the grounds that its policies were based on collective efforts to deter aggression, while seeking opportunities to reach agreement on arms control and disarmament.

The Tribune Group had put down an amendment opposing the White Paper because it provided a "massive increase" in military expenditure to a level of £85.5bn in 1979-80.

This would add to world tension and was contrary to Labour's election pledge to redeploy armaments industries to the manufacture of socially useful products.

The amendment also reaffirmed Labour's commitment not to proceed with a new

generation of nuclear weapons when the present submarine-borne Polaris missiles are phased out.

Leading the Tory attack, Sir Ian alleged that the Labour Government had "fiddled the books" over defence expenditure and had done the services out of about six months' pay by holding back full comparability until 1980.

"We shall restore comparability this year and we shall see that this sort of thing never happens again," he declared.

He said the Government should have added a further £200m to the defence budget to take into account servicemen's wage increases. This would have been good.

There was an immense amount for an incoming Conservative government to do to

restore the damage inflicted by Labour.

Attention would have to be paid to air defences, the defence of the sea lanes, the nuclear deterrent and British reserves. The cutting edge of our front-line troops in Germany would have to be restored and adequate ammunition and spare parts provided.

"All of these things and many others are necessary," said Sir Ian. "But the first thing to do is to deal with the pay and conditions of the services. This must be our overriding priority. First, we shall restore morale and then we shall restore materials."

Sir Ian said that Mr. Mulley had done nothing to stop the "stampede" of officers taking early retirement.

If the Defence Secretary had been captain of the Titanic, he would not even have known the ship was sinking. He would have launched an inquiry and gone off to his cabin for a snooze.

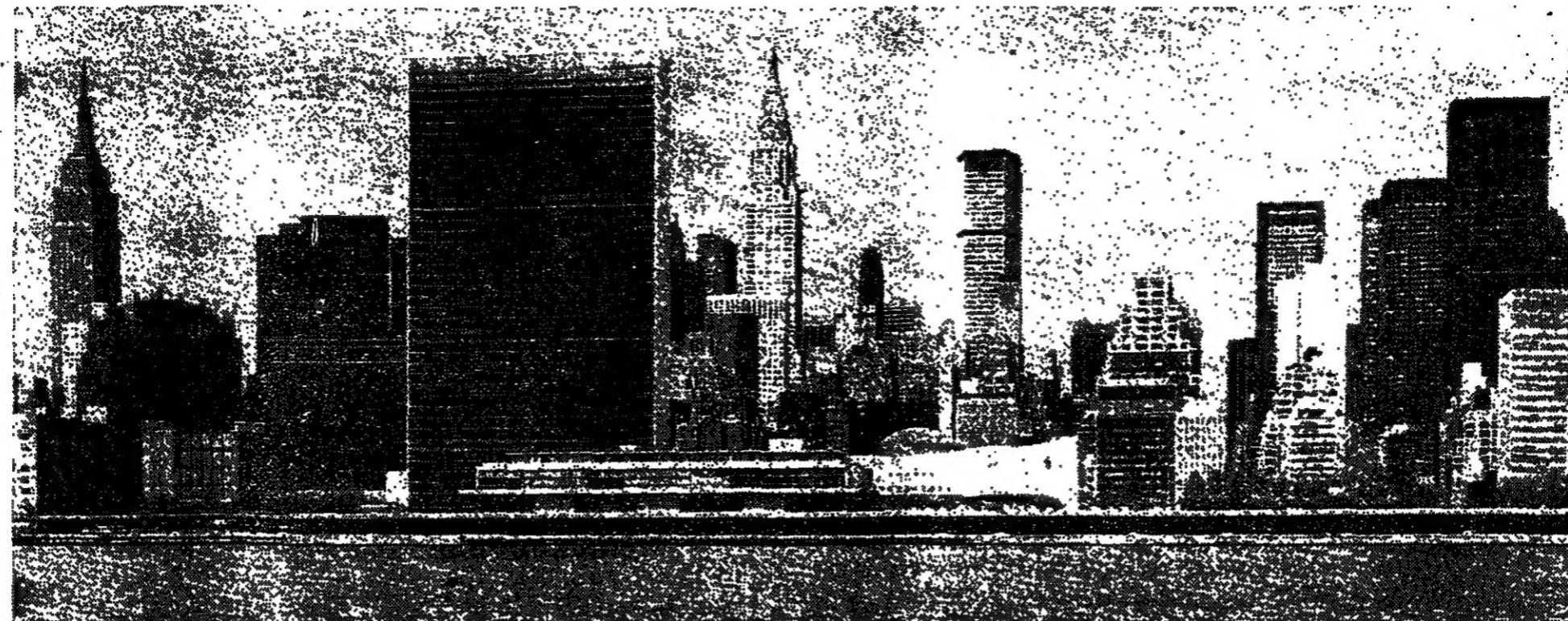
For the Government, Mr. Mulley argued that the White Paper maintained Britain's commitment to increased defence spending in real terms by 3 per cent annually over the next five years:

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Mr. King argued that Mr. Benn might be satisfied with the outcome of the sixth round but those with some experience of the real situation would find it extremely disappointing.

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## THE JOBS COLUMN

# Accountancy heads industry salary league

BY MICHAEL DIXON

**ACCOUNTANCY JOBS** still lead the salary league in British manufacturing and service industry. That is the conclusion, at least, of the latest survey to be made by Lloyd Incomes Research of pay and perks in accounting, marketing, and data-processing jobs in 128 companies in various parts of the country. The check was made at the beginning of this month.

Before going on about the survey, however, I had better try to forestall a sharp protest from Mr. Barry Barker, secretary of the Institute of Chartered Secretaries and Administrators. This is because his main point is that a company secretary's job is broader and no less important than any accountant's, and he will dislike Lloyd's classifying company secretaries among accountancy workers.

But be of good cheer, Mr. Barker, for otherwise your prides and joys would probably not have appeared in the survey at all, let alone have registered the second highest maximum pay. Besides the Institute of Chartered Secretaries is acknowledged as a qualifying body for the work in the job descriptions on which, after discussion with the various employers, the researchers based their report.

In full, the document costs £2.5 (at which price it may be obtained from Mrs. Eileen Spring at Lloyd Incomes Research, 72-74 Eversley Street, London W1R 4DA. Telephone 01-437 2427). By special dispensation, however, the Jobs Column has been allowed to extract the adjacent details for the 34 jobs covered by the survey, which showed a maximum salary of at least £8,000 per year.

Of a total of 3,158 people surveyed 356 were in 48 small concerns each employing no more than 200 souls all told; 1,381 worked in 48 medium-sized companies with payrolls of up to 2,000; and 1,418 were employed by bigger organisations.

### Samples

Of the job categories represented in the table, those based on the smallest sample of people were corporate planners and treasury accountants, with 10 each. Most of the others were based on samples a good deal bigger. The largest was 135 for the financial accountants.

By the way, if the people in each category were ranked by salary from maximum to minimum, the upper quartile would be the salary of the person a quarter way down the ranking, the median that of the one in the middle, and the lower quartile that of the person three-quarters of the way down.

**ACCOUNTANCY, MARKETING AND DATA-PROCESSING IN BRITISH MANUFACTURING AND SERVICE COMPANIES**

Sector	Job-title	Annual salary in £.	Percentage of category with "Bonuses" of 10% plus				
			Lower quartile	Median	Upper quartile	Maximum	Company cars
Acc.	Financial director (Board)	8,000	11,500	12,912	16,199	51,100	22
Acc.	Company secretary	7,000	8,434	11,000	14,000	30,000	12
Mkt.	Financial controller	6,200	9,168	9,168	10,300	26,502	13
Mkt.	Marketing director (Board)	6,260	12,000	13,000	17,000	24,750	29
Mkt.	Financial director (executive)	7,889	10,300	11,500	19,800	24,735	53
DP	Marketing director (executive)	8,250	9,482	12,500	13,500	19,800	27
Mkt.	Data processing manager	3,134	6,868	9,000	9,270	16,531	15
Mkt.	Marketing manager	4,768	8,000	9,000	11,000	15,450	15
Acc.	Chief accountant	6,245	7,000	8,000	9,500	15,000	25
Acc.	Management accountant	5,000	6,500	7,000	8,218	14,000	5
Mkt.	Market research manager	4,825	6,000	6,600	8,800	14,000	—
DP	Systems & programming manager	5,000	6,500	7,994	8,850	13,000	—
Mkt.	Sales promotion executive	4,825	5,130	6,250	7,000	13,000	21
DP	Senior programmer	4,500	5,500	5,930	6,500	12,189	5
Acc.	Taxation accountant	5,250	7,500	8,500	9,750	12,008	73
Mkt.	Advertising/media controller	4,200	4,953	5,600	7,300	12,000	10
Acc.	Corporate planner	4,700	6,563	8,000	10,095	11,538	—
Mkt.	Treasury accountant	7,439	7,450	9,180	10,284	11,500	—
DP	Group product manager	6,200	7,500	8,085	8,700	11,422	4
Mkt.	Chief/senior systems designer or analyst	4,752	6,408	7,242	8,061	11,000	4
Acc.	Sales promotion manager	5,000	6,500	6,900	7,439	11,000	11
Acc.	Cost accountant	4,000	5,750	6,300	7,385	10,739	9
Mkt.	Credit controller	3,400	4,500	5,581	6,500	10,353	7
Acc.	Product manager	5,000	6,000	6,650	7,300	10,350	3
Mkt.	Financial accountant	5,000	5,500	6,000	6,800	10,200	48
DP	Operations manager	4,250	4,584	6,000	6,981	10,057	8
Mkt.	Marketing services manager	4,000	5,800	6,900	8,572	10,000	7
DP	Systems programmer	4,500	5,040	5,500	6,000	9,725	7
DP	Chief operator/shift leader	3,500	4,534	5,500	5,880	9,621	—
Mkt.	Chief programmer	5,000	5,800	6,338	6,966	9,495	—
Acc.	Internal auditor	3,000	5,250	5,614	5,750	8,000	1
Acc.	Experienced assistant accountant	3,000	5,000	5,600	6,200	8,000	57
Mkt.	Systems accountant	4,400	5,200	6,414	7,350	8,218	15
DP	Market research executive	4,130	5,629	6,000	8,047	8,000	15

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10 Cannon Street, EC4P 4BY.

### CONSERVATIVE M.P.

Secretary needed at House of Commons from May. Starting £4,500/£5,000. Write with personal particulars. Experience should include economic, social, European affairs. B.M.R.W. 32 Rawlings Street, London, SW3.

### Secretarial Appointments

appear  
on Tuesdays  
and Thursdays  
Cost £16 per  
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For further details  
contact  
Marie Nixon  
on 01-236 2170

**£6,000**

## accountancy appointments

**£9,000**

## LBBL

## MANAGEMENT ACCOUNTANT

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### Around £9,000 + car-based either Banbury or Stourport.

London Brick Buildings Limited are the leading and probably most successful manufacturers of home improvements, garden and horticultural buildings in Europe. As members of the London Brick Group we consist of a number of divisions each manufacturing for a specific market. The appointment of a Divisional Financial Director (Designate) offers a newly re-organised financial/cost accounts function to control; direct and close responsibility to the Managing Director and the genuine chance to stamp your mark on the decision making process in top level management.

The person we want will need special qualities; a professional qualification, of course, but this will have ceased to be your finest achievement, long ago. You'll have since proved your management flair by actively contributing to high level decisions within manufacturing industries with a strong sales organisation — ideally which market direct to the public. You'll have a positive personality; and be able to provide solid evidence of steady progression towards directorship level. This kind of maturity and broad-based experience is unlikely under the age of 35.

If you have these qualities you should find this career opportunity exceptional and well rewarded. And there's the added advantage of an attractive rural living/working environment in a relatively low cost housing area well connected to all major Midland centres.

Write with full career details to:  
J.B. Adams, Personnel Director,  
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## GROUP ACCOUNTANT

£7,000 + Shoreditch, London, N1.

Qualified person required for family owned group allied to Construction Industry. Age 30-35. Must be self-motivating and take full charge of Accounts Department of 4 on a day-to-day basis, prepare monthly reports and accounts, year-end accounts and budget, cash flow, run credit control, etc. The right person will become Company Secretary almost immediately and Finance Director after a probationary period. This is an important position with a management team and would suit a "down to earth" individual prepared to tackle all aspects of the work in his department. Write to:

H.S.D. & CO., 2/6 Friern Park, Nondon, N12 9BY.

**£6,000/£9,000**

### Accountancy Appointments are continued today on following page

### PERSONAL

Not all today's war veterans  
are old soldiers

Many of the young servicemen killed in Northern Ireland leave widows and orphans behind. Those that are disabled may be able to work again. The annual Poppy Appeal alone cannot pay for their food, fuel or homes. Please send donations to Royal British Legion, War Appeal Department, Maidstone, Kent ME8 7NN.

Partners of Solicitors urgently require young secretary with previous legal experience working in beautiful offices in the heart of the West End. Tel: Elizabeth Ewin on 493 1251

**LEGAL AUDIO SECRETARY**

£4,500

Partner of Solicitors urgently requires young secretary with previous legal experience working in beautiful offices in the heart of the West End. Tel: Elizabeth Ewin on 493 1251

**SECRETARY PA**

£5,000

W/L consultant who deals with the Middle East. Urgently requires Senior secretary with ability to supervise staff and run office in his absence.

Excellent position for capable person with lots of initiative.

4 weeks holiday, 9.30-5.30

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Go-ahead and growing companies are seeing the value of computerised accounting. Four companies are offering rewarding progressive appointments to accountants with experience of implementing computerised accounting systems.

Ref. Ian Crichton 4190

**ENTRY INTO INDUSTRY THROUGH INTERNAL AUDIT — £7,000-£9,000**

For those who want personal interviews to discuss perspectives and who want introductions to opportunities in the UK and overseas contact:

Richard Mooney

Telephone or write:

ACCOUNTANCY PERSONNEL SENIOR APPOINTMENTS  
41 London Wall, London EC2M 5TB - 01-588 5105**Experience in Commerce or Accounting?  
Earn up to £7,500 asa  
Specialist in  
INSOLVENCY**

If you have the ability to cope with the problems of businesses in financial difficulties with energy and style, contact us now. We are Thornton Baker, a national firm of chartered accountants, and need more Seniors in our expanding Insolvency departments, which deal with a wide range of special work as well as receiverships and liquidations.

**You must** be able to communicate effectively with businessmen, their bankers and solicitors, together with fellow professionals, and show initiative in making commercially rational decisions in stress situations. Previous experience of this work would be an advantage, but is less important than enterprise, ambition and the will to succeed. You will be a qualified accountant or will have experience in the commercial or professional field.**We offer** in return programmed professional development, including specialist and general in-house courses, early responsibility and real involvement in the technical and administrative development of the practice. Progression is limited only by your own ability, and

salaries offered are very competitive in a range up to £7,500 depending on location.

**Thornton Baker** has offices in nearly every major centre throughout the U.K., and can therefore give you an unrivalled breadth of experience and range of opportunity. Whichever of our offices you work from, you will find the highest level of standards, constantly under review. Courses in the ideal atmosphere of our own residential training centre, Bradenham Manor near High Wycombe, will help you to maintain them.**Interested?** Then pick up a phone and ring one of the specialist partners shown below:-**London**  
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01-405 8422**Bedford**  
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051-227 4211**Bristol**  
David Bird  
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061-834 5414**Newcastle**  
Ian Turner  
0632 612631**RECRUITMENT CONSULTANT**  
We are a well established group of recruitment consultants. Due to expansion we are looking for a bright and experienced consultant who can contribute to the continuous growth of the Accountancy Division. According to age and experience you could receive up to £5,000 plus commission plus bonus. To apply please telephone or write to:  
**DUNLOP AND BADENOCH LTD.**  
31, Finsbury Street, W1.  
EC2 0BB**INTERNAL AUDITORS****London****up to £7276**

We have vacancies at auditor level in the Headquarters Audit and Investigations Department at our offices in Holborn.

If you are a qualified accountant or part qualified with a degree and feel you can make an effective contribution to the work of the Department we would like to hear from you. Our responsibilities include a full range of systems audits, an active role in the audit of major construction and pipeline contracts and also joint venture audits. A limited amount of travelling is involved and assistance will be given towards relocation expenses where appropriate.

Salary, depending on qualifications and experience will be within the range £5755-£7276 including £502 Inner London Weighting plus current self-financing productivity payment and the benefits normally associated with a large progressive organisation.

Applications, quoting reference F/01740/FT giving full details of experience and qualifications to the Senior Personnel Officer, (London), British Gas, 59 Bryanston Street, London, W1A 2AZ by 13 April 1979.

**BRITISH GAS****Qualified Accountant or Finalist****£5,600**

This is an attractive position in a rapidly expanding international group that has diversified commercial and industrial interests.

Working with the holding company's small accounting team, the successful applicant, male or female, will undertake a wide range of tasks including monitoring and advising group companies, and will also be involved in company secretarial duties.

Opportunities for promotion within the UK or in one of the Group's overseas subsidiaries are excellent. Please phone W.E. Harry, 01-629 8282 or send full career details to:

Saltraco (Holdings) Limited,  
Suite 15, 7th Floor, 140 Park Lane,  
London W1Y 4AD.**STOP COMMUTING GROUP ACCOUNTANT**

Attractive career opportunity for young, commercially-oriented Accountant for family group of companies. Attitude to work and results of primary importance whether qualified or unqualified.

Ability to work under pressure essential.

Managing Director, Eustace & Partners Ltd.  
New Road, Newhaven, SussexA small West End film company seeks  
**ACCOUNTANT**

to take sole responsibility for their day-to-day accounting and administration. The successful applicant should hold a recognised accountancy qualification and be able to demonstrate experience in commercial accounting. Salary to £12,500 depending on qualification and experience.

Write Box A.8736, Financial Times, 10, Cannon Street, EC4P 4BY.

**Management Accountant Merchant Banking**

Chase Manhattan Limited is the major unit of Chase Manhattan Bank's merchant banking Group. Our principle products are loan syndications, bond issues, private placements and financial advisory services.

You will report to the Financial Controller, whose small team make up the Financial Management unit, providing high-quality management information. Progressively assuming responsibility for management information, financial planning and the financial control function, you will also provide full support in annual profit planning.

A graduate, preferably with a formal accounting qualification from a recognised body, you should have a broad

training in a variety of financial and management accounting systems, including EDP systems – ideally in development rather than usage. Banking or merchant banking experience would be a distinct advantage but is by no means essential.

We offer a salary in the region of £8,000 per annum, and the substantial benefits of a major international bank which include preferential mortgage and personal loan schemes, and non-contributory pension and life assurance.

Please write with full career details to: Janice Shiner, Chase Manhattan Bank NA, Woolgate House, Coleman Street, London EC2.

**CHASE**

This is a career development opportunity for a young person to join the rapidly expanding UK subsidiary of an international group. The company are leaders in marketing a range of technically advanced control equipment which is now being extended into energy conservation activities.

**Young Finance Manager**  
**c. £6500 + Car**

The present Finance Manager has been promoted to European Regional Controller and it replaces him to appoint a young ambitious accountant to take full responsibility for the management and financial accounting activities of the UK company. There is strong emphasis on commercial involvement and the person appointed will be closely concerned with providing effective capital financing advice to customers.

The position opens to both men and women, will appeal to a qualified accountant aged 25-27; previous commercial experience in an industrial environment would be a significant advantage although this may suit a well qualified person taking a first step out of the profession.

Location is near Maidstone and relocation assistance will be given where appropriate; fringe benefits are good and include a car as some U.K. travel is involved.

Brief but comprehensive career details should be sent quoting reference S/7225 to New Appointments Group, Personnel &amp; Selection Consultants, 5 Park Road, Sittingbourne, Kent. Tel: 0793 75431.

**New Appointments' Group**

Personnel Consultants

**nag****Financial Controller****Home Counties c. £7000 + car**

One of the UK's largest food wholesaling organisations, Kearley and Tonge/Alliance operates Cash and Carry outlets and a Direct Distribution network throughout the country.

As a result of the recent integration of the Alliance Group into Kearley and Tonge (part of the British American Tobacco Organisation), a new role has been created of Financial Controller. He or she will report to the Chief Accountant and, in essence, formulate and implement our entire integrated management information and control system. In addition to this basic brief, the Controller will have wide-ranging involvement in many other finance-related activities.

The broad scope of this key position demands a high degree of professionalism backed by a full qualification in Accountancy and at least three years' subsequent experience in a large scale commercial or industrial organisation. The personal qualities we seek include analytical, communication and leadership skills. Travel in the UK will be involved.

The successful candidate will be offered the opportunity to relocate to a most attractive area of the Home Counties. If not already resident within an acceptable distance, (The M1 and A41 are both very close to our offices).

In addition to the salary, negotiable around £7000 according to the applicant's qualifications and experience, the benefits include a company car, pension and life assurance schemes, shopping facilities at wholesale prices, and a very pleasant and modern working environment.

Please send a detailed C.V. or write for an application form to: Mr. Loren Wynter, Selection and Development Manager, Kearley and Tonge/Alliance Limited, Buckingham House, Buckingham Parade, Stannington, Middx HA7 4EE.

**K&T****Kearley & Tonge Limited****CHIEF ACCOUNTANT****PERITON TRAVEL****£7,500**

Periton Travel, a member of the Grand Metropolitan Group, has offices in Chelsea and the West End. The expansion of the Company's activities has resulted in the need to appoint a Chief Accountant, who will report directly to the Managing Director at the Chelsea office.

The successful applicant will be required to:-

- Maintain manually kept accounting records. Including Bought and Sales Ledger.
- Produce monthly profit and loss accounts and the provision of various statistical returns for both the Group department and the shop and business house sections of the Company.
- Assist with the preparation of the budget.
- Prepare pro-forma end of year accounts.
- Ensure proper compilation of various statutory returns.

The person we are seeking to appoint should be part or fully qualified, ages 30-45, with at

least 5 years' practical accounting experience. Preferably he/she should have worked in a travel operation. Although the current accounting system is manually kept, it is probable the Company's expansion will lead to the computerisation of the accounting system and the Chief Accountant will be expected to play a major part in the implementation of any new systems and positively contribute to the development of the Company.

The benefits are first class and include a contributory Company pension scheme, concessions travel, 4 weeks annual holiday and a profit sharing bonus scheme.

There are exceptional career prospects throughout the Grand Metropolitan Group.

Please send a detailed CV to:

Andrew Clark,  
Recruitment Manager,  
Periton Travel,  
7 Stratford Place,  
London, W1A 4YU.**YOUNG CHARTERED ACCOUNTANT****c. £7,250 + car W. London**

Our client is a major International Company going through a further phase of expansion.

Due to internal promotion, we are currently recruiting a young qualified accountant who has gained excellent experience within the profession and now feels that a move into commerce would benefit a career progression. The successful applicant will join a small H.Q. team and be involved in a wide range of accounting activities covering group accounting, financial reporting, treasury and corporate restructuring. Coupled with an attractive salary, there are excellent prospects within this group. Please reply in strictest confidence to: David Clark F.C.A., quoting Ref. 1101.

**David Clark Associates**  
4 New Bridge Street, London E.C.4  
Telephone: 01 353 1867

As their accountants we have been asked to find for our client, a garage group in South London, an

**ACCOUNTANT**

suitably qualified by experience to control the accounting records (with a staff of ten) and to prepare therefrom management accounts, to identify and investigate problem areas and eventually to effect the computerisation of their records and develop the existing systems accordingly. Salary will be commensurate with experience/qualifications.

Please telephone 01-405 0324 for an application form.

**Qualified Accountant or Finalist****£5,600**

This is an attractive position in a rapidly expanding international group that has diversified commercial and industrial interests.

Working with the holding company's small accounting team, the successful applicant, male or female, will undertake a wide range of tasks including monitoring and advising group companies, and will also be involved in company secretarial duties.

Opportunities for promotion within the UK or in one of the Group's overseas subsidiaries are excellent. Please phone W.E. Harry, 01-629 8282 or send full career details to:

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Suite 15, 7th Floor, 140 Park Lane,  
London W1Y 4AD.

## UK NEWS — LABOUR

JAIL

# Mail severely disrupted by wages protest

NICK GARNETT, LABOUR STAFF

All SERVICES in London and the Home Counties, including local services for business and industry, are being disrupted by postal workers' unofficial industrial action which is affecting mail throughout the country.

Action, over delays in pay negotiations covering members of the Union of Office Workers, is causing delays in services to and from the South-East. Mail from the capital is also seriously disrupted.

Post Office yesterday ed to customers not to write or for London and the Counties unless it was really essential.

Post, a business service which packages are given priority to try to ensure fast delivery, has been affected.

Rebate postage service, in which customers receive cash discounts for posting, is being suspended further notice.

## Unions tell NUPE to call off hospital workers' dispute

ALAN PIKE, LABOUR CORRESPONDENT

National Union of Public Employees was outvoted by unions yesterday when it rejected the proposed settlement to the hospital workers' dispute.

NUPE executive will now decide tomorrow to continue its action hospitals—a move which have severe repercussions on industrial relations in the service—or join the other in accepting the offer.

PE was, as expected, out—12–4 by the Transport General Workers, the General Municipal Workers, and Confederation of Health Employees at yesterday's meeting of the ancillary staff side negotiating committee. Each union has voted.

Leaders of the other three told NUPE representatives that it would be pointless for them to continue with their initial action. The union's main negotiators can be expected to repeat this argument tomorrow's executive meeting where a fair prospect that the offer will fall into line and the settlement.

On leaders are worried by early return of a Conservative Government could revise the offer—9 per cent comparability study offering money in August—if unions had not firmly edited it.

Thursday the same four meet to consider a new offer to 17,000 ambulance workers. NUPE will probably vote again at this meeting unless the executive decides off the ambulance dispute row.

Issue for the union to end ambulance's action in

## strike over lay-offs halts production at Shorts

OUR BELFAST CORRESPONDENT

RIKE involving more than shop-floor workers at Brothers, the Belfast aircraft manufacturer, has halted the company's production.

At the main factory in Belfast and at a smaller plant in Down Ceased yesterday, production workers in the missile factory have not yet stopped.

About 160 workers reported back to the plant yesterday as a phased return to work began.

## Pensioners' convention seeks rights declaration

ERIC SHORT

TUC, with trade unions pensioner associations, is using the first National Pensions' Convention on June 14.

More than 2,000 delegates are at the convention, in Hall, Westminster. The main aim will be to achieve a declaration that every pensioner has the right to dignity, independence and security as an integral and member of society.

To achieve that, it seeks an immediate Government commitment to a pensions level of not less than a third of average earnings for a single person and half of average gross earnings for a married couple, based at six-month intervals.

The convention would now mean a single person's weekly pension £30 and a married couple's £45.

The declaration also calls for adequate accommodation for pensioners; big concessions on public transport; free telephones; adequate

## Hull dockers' action ends after 13% with productivity agreed

BY OUR LABOUR STAFF

DOCKERS AT Hull yesterday ended their industrial action and accepted a pay deal thought to be worth about 13 per cent but with a sizeable productivity element.

Dock workers at many ports have now accepted deals worth a similar amount or less, some with productivity conditions.

About 2,000 Hull dockers rejected a recommendation from shop stewards to turn down the offer, which involves an increase in basic rates from £78 to £84 for a normal working week.

### Walton jail back to normal

WALTON JAIL, Liverpool, is getting back to normal after last week's emergency. Prisoners were allowed half an hour outside exercise in small groups yesterday. Canteen and other facilities have been restored gradually.

### Lockout over after 7 weeks

A SEVEN-WEEK-LONG lockout involving more than 1,600 manual workers at GEC's Ruston Gas Turbines and Napier Turbo-chargers factories in Lincoln, ended yesterday when workers voted to accept a revised pay offer.

Customers are advised to contact local postmasters if further information is needed.

## Scottish bank pay deal likely this week

By Nick Garnett, Labour Staff

PAY NEGOTIATIONS for staff in the Scottish clearing banks will set the tone for an eventual settlement for their English counterparts may be completed by the end of this week.

The National Union of Bank Employees has submitted claims in the Scottish banks for increases of more than 20 per cent in new money, together with consolidation of productivity payments and new salary structures.

Similar claims are being placed with the English clearing banks and form the basis of the union's negotiating position in the Trustee Savings Bank.

Bank staff associations, including Barclays, are now fixing their claims as well. The Association of Scientific, Technical and Managerial Staffs, which has members in the Midland, is also drawing up its claim which will pay particular regard to the lowest paid groups.

A settlement for the Scottish banks, which will affect more than 20,000 workers, is due next month. Current pay ranges from £1,581 to £2,118 for the lowest clerical grade up to more than £11,000 for managers.

### Lucas 'plans no redundancies'

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LUCAS ELECTRICAL reassured senior shop stewards in Birmingham yesterday that no redundancies are planned among the 30,000 workforce.

Management had given warnings at the time of the troubles in Iran and strikes in the UK motor industry that the com-

pany might have up to 3,000 surplus workers.

Natural wastage has accounted for 600 employees in recent weeks. Management explained yesterday that the position would be kept under review but that there were hopes that markets might be improving.

### Pit deputies sent to Coventry

A THOUSAND miners at Bentley Colliery, near Doncaster, sent colliery underground officials to Coventry in protest at tighter discipline yesterday.

The men complain that their lives are made a misery by

pit deputies. They say that they are being "fined" as much as £10 for paltry "offences" that would normally be overlooked.

The deputies' union has so far refused to comment.

## NGA's power is 'frightening'—QC

FINANCIAL TIMES REPORTER

THE POWER of the National Graphical Association to black material was "very frightening in many respects," a QC said in the Court of Appeal yesterday. "If the union says that something is blacked, and his refusal to adjourn injunction proceedings until the full trial of the dispute.

The High Court proceedings were brought by six national newspaper groups, six provincial groups, and a number of advertisers. In some of the cases, SLADE the process workers' union, is also named as a defendant.

### Campaign

Mr Goldblatt said the NGA had a recognition dispute with T. Bailey Forman and its companies, one of which published the Post. The union had made little progress in the past five or six years.

At the beginning of the year, it was decided to initiate a campaign to persuade advertisers not to use the Post. A number of advertisers agreed not to advertise in the Post, but 16 paid no attention and disregarded three letters from the union.

One advertiser, Boots, said it spent £9m nationally on advertising and insisted on its freedom to advertise in Nottingham. The hearing continues today.

Then by switching to the information provided by Currys or Comet, you could find out if they stock the model and what their price is.

You could plan a whole day out for the family too. What's on where, what the weather's going to be like, how to travel there and what restaurants to eat in once you've got there.

All without leaving the armchair.

### How much does it cost?

Needless to say, a Prestel set is more expensive than an ordinary TV.

But beyond the initial outlay, you pay for the service only when you use it.

And that's the cost of a local telephone call, plus a small usage charge and the cost of the piece of information on the screen.

That varies from nothing to several pence per page.

Any time you want to know your exact bill to date, there's a page that'll give you that up to the minute information as well.

"Up to the minute" is the key phrase in fact. Because unlike the guides you buy in book form that quickly date, Prestel can provide the very latest information.

### When can I have it?

As we said earlier, the Post Office is offering the Prestel service to residential customers throughout London from today.

This is a preview of the full public service which later in 1979 will first be extended to business users and then on to Birmingham, Manchester and Edinburgh.

The rest of the country will get it over the next few years.

For a list of the selected showrooms where you can see Prestel demonstrated, please send the coupon below (no stamp needed) or dial 100 and ask the operator for Freesfone 2043.

Then we can tell you more about the biggest breakthrough in communication since the telephone and television.

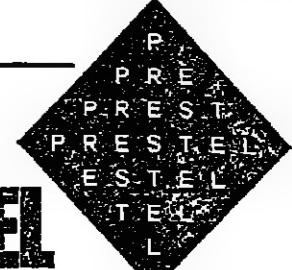
W.B. Morley, Prestel Marketing, Freepost, Cambridge CB2 1BR.

I want to know more about Prestel.

Name \_\_\_\_\_

Address \_\_\_\_\_

Postcode \_\_\_\_\_



**PRESTEL**

The Post Office Viewdata Service.

# THE TELEPHONE AND TELEVISION CHANGED PEOPLE'S LIVES. THEY'RE ABOUT TO DO IT AGAIN.

This is probably the most astonishing message the Post Office has ever delivered.

It's about a new service called Prestel. And it starts in London today.

So revolutionary is its technology, that the Germans and the Americans are clamouring to Britain for the know-how.

### What is Prestel?

Prestel is a computer information service that is used in your own home.

Shortly, it'll be available for use in offices, shops, libraries, factories and schools as well.



At the press of a second button, an index of the available information appears. (Just like the picture below.)

And that's when the fun really starts. Ask it a question.

You're now in contact with a store of information that numbers some 100,000 pages. More than 10,000 pages are being added monthly.

All provided by well-known organisations.

English Tourist Board, The Economist, Exchange & Mart, Fintel, The Good Food Guide, Guinness Book of Records, National Trust, Norwich Union, W.H. Smith, the Sports Council, Vernons Sportsdata, British Rail and the Stock Exchange to name but a few.

News, sports results and fixtures, weather checks, traffic information, entertainment guides, holiday information and games are all at your fingertips.

As are train, boat and plane timetables.

You simply ask the computer questions by pressing the number on your keypad relating to the information you want.

Then up pops the answer on your TV screen.

It'll take you literally minutes to learn how to use it. And then you'll be able to get the information you want in seconds.

You can use the information a million different ways.

Say you wanted to buy a washing machine. You could use Prestel to get information from Which? magazine on which model is the best buy.

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## METALWORKING

### Big laser welds half an inch

PROBABLY the most powerful industrial laser to become commercially available on this side of the Atlantic, six kilowatt carbon dioxide axial flow type developed by the Welding Institute is to be made and marketed by BOC Industrial Power Beams of Daventry (03272 4813).

The development marks another step in the upward trend of power in these continuous wave power (CW) devices. CW power in the U.S. is believed to have reached 25 kW, and it is known that very much greater levels are being achieved in pulsed military devices.

Using axial gas flow rather than the U.S. cross-flow technique results in a longer laser but has the advantage that a cleane mode is produced together with the ability to focus finely. The new 6 kW unit can produce a shot of less than 0.5 mm diameter (0.02 in.) which means that it can make narrow, deep penetration welds while causing minimum work-piece distortion.

The welds are similar to those produced by electron beam welding—but there is no need to operate in vacuum.

Of particular interest is the ability to produce welds in far thicker steel than previously, or alternatively to weld thinner materials at much higher speeds. Tests have shown that the equipment can weld mild steel to a depth of 12 mm (0.47 inch); aluminium or titanium alloys and stainless steel can be welded to a depth of 10 mm (0.39 inch).

When used for cutting, the 6 kW device can deal with metals to a thickness of 20 mm (0.79 inch) and can also cut wood, chipboard, acrylics and asbestos.

Further industrial applications will include selective transformation hardening of steel and cast iron component surfaces, and the fusing of metal powders to form hard coatings on substrates of a softer metal. The component distortion produced by this method is less than that caused by induction hardening, and subsequent machining times for precision parts is reduced or eliminated.

Price is expected to be in the region of £160,000.

### Makes deep holes fast

DEVELOPED BY TI Brooks, Brades Road, Oldbury, Warley, West Midlands B69 2DL (021-552 5311), a new design of deep hole boring machine is intended to make best use of the well-established Sandvik ejector drill.

The Sandvik tool gets over one of the prime problems of deep hole boring—the removal of swarf—by using a pumped cutting fluid system in an annular head construction which literally sucks the chips of metal out down the middle tube. The TI Brooks machine has speeds, feeds and torque which are designed to produce the best results possible from the tool.

Feed mechanism is a rack and pinion driven by a dc motor through a reduction gearbox. Feed rate is infinitely variable up to 0.36 mm per revolution and there is a fast traverse facility of 105 mm/sec. Thrust available at the tool is 3,175 kg. A 45 kW dc motor drives the main spindle at any speed between 130 and 420 rev/min.

To ensure an accurate speed to feed ratio, the two are electrically linked.

## PROCESSES

### Shot blast guidance

ACCORDING TO Power Blast, Collingwood Lodge, Camberley, Surrey GU15 1LB (0276 28888) it is possible for any company with practical engineering knowledge to install its own shotblast room or convert an existing building, using equipment it can supply.

Anyones interested can seek to prove the point by asking the company for a copy of its booklet "The Power Blast Room System" which in 10 sections covers aspects ranging from blast machines and grit recovery to lighting and operator protection.

## AVIATION

### World lead for helicopter trainer

**REDIFON** Simulation has to train pilots in the testing operating conditions experienced serving the North Sea Oil industry. In gaining CAA approval for instrument checks and alternate visual checks, Redifon has effectively overcome the problems of perception associated with low altitude visual flying. This is significant in that it is the first time a computer-generated image (CGI) visual system, in this case Redifon's Novoview SPI, has successfully addressed an application where fine height adjustments are a critical aspect of helicopter pilot training. It means in practical terms that the major part of pilot training can now take place in the simulator, thereby reducing training time in the aircraft.

Helikopter Service equipment is in the final stages of installation at Forus Airport, Stavanger, prior to certification by the Norwegian Aviation Authority. Both simulators will be used

to operate in vacuum. Redifon declares, Installation No. 1 at BAA training operations building, Duxford Airport, Aberdeen, has recently gained CAA certification for both instrument and visual training.

Both simulators will be used

certified, pilots will undergo six monthly instrument and visual periodic flight checks. It will also use the simulator for new pilot type training and command course training.

Physicaly, the equipment has a six degrees of freedom hydraulic motion system designed by Redifon for application to helicopters. The flight deck is an exact replica of the real aircraft, and out-of-the-window scenes are produced by the Novoview SPI night/dusk CGI visual system. This

has successfully addressed an application where fine height adjustments are a critical aspect of helicopter pilot training. It means in practical terms that the major part of pilot training can now take place in the simulator, thereby reducing training time in the aircraft.

Helikopter Service anticipates that when its equipment is

## MATERIALS

### Cladding board from Sweden

DESIGNED TO replace asbestos based materials for Class O wall cladding is a non-combustible board from Vermit in Sweden, now available in the UK from Phoenix Panel Fabrications, Phoenix House, New Road, Rainham, Essex.

Based on the mineral vermiculite and inorganic binding media

it does not give rise to silicon, says the maker, or create any health hazard.

Applications include cladding of walls and ceilings, fire-proof doors and floors, and fire protection of equipment and structural elements.

## Lovell

for construction  
01-9951313

## COMPUTING

### Modelling no problem

A COMPLETE service which enables economists to construct and run financial economic models on a computer—without the need for computer programming experience—is offered by Seicon Computer Services of Milton Keynes.

Developed by the Economics Department of Southampton University, HASH can assist in the development of both small and large econometric models. Economists can use HASH on a one-off basis through Milton Keynes or computer terminals in Seicon offices throughout the UK.

To build an econometric model, the economist is confronted with a multitude of hurdles. Data must be collected, manipulated and transformed. Equations must be estimated and subjected to analysis. Simulation presents further computing problems. HASH simplifies all these.

Seicon Computer Services, Brick Close, Kiln Farm, Milton Keynes, MK11 3EJ, 0908 565556.

## PRINTING

### Rotary costs less

DESIGNED AND built in the UK is a metric rotary letterpress multi-colour label printing machine, called Windsor, introduced by Carlisle Bros. Machines (Long Eaton), Acton Grove, Long Eaton, Nottingham, NG10 1FY (0607 5745).

The machine can print up to five colours, including one colour on the reverse side of a material.

Said to provide advantageous facilities for die and butt cutting and slitting it can produce a wide variety of labelling products, from the smallest type to large size printed labels (15mm wide with a repeat print length of 510mm) on a range of substrates, including most forms of natural and synthetic garment and bedding fabrics, ribbons and tapes.

## INSTRUMENTS

### Fluid level detector

material which is shatterproof and half the weight of the equivalent glass. The design is spherical, giving a distortion-free image over the viewing area.

Also mounted in the head are a pair of four watt mains driven strip lights with starting gear, starter control and on/off switch. The circuits meet BEAB requirements and the illumination and lens are in accordance with BS 5165: 1974. Various stands can be supplied.

### Ultrasound finds level

DIFFICULTY CAN be experienced, particularly on oil and gas rigs, in determining the level of liquid gas in spheres and cylinders of fire protection systems because weighing can only be carried out after dismantling pipework or structures.

The device has transient over-voltage protection and output switch protection allowing inductive loads such as solenoids and relays to be driven.

Two basic types are supplied:

the 613 is for coolant level detection, the 614 for use with oils and fuels.

### Big view of small work

INDUSTRIAL magnifiers with a magnification of 1.8 times and a large enough lens to permit simultaneous viewing with both eyes have been put on the market by Combined Optical Industries, 200 Bath Road, Slough, SL1 4DW (Slough 21282).

Mounted in the lightweight head is a 165 x 104 mm lens moulded in high quality acrylic

The driver selects the volume to be delivered by pressing each of four decade buttons until the corresponding decade on the display shows the required number. After pressing the start button this "pre-set" display will start to count down as product is pumped while an associated "delivered" display increments upwards.

Use of a microprocessor means that all the variables can be easily programmed using simple, sealed switches; parameters such as meter factor and product coefficient of expansion are entered in a few seconds, the latter being used in conjunction with automatic digital correction if optional ticket printer is provided.

Using modern electronics, Brooks Instruments, Offerton Industrial Estate, Offerton Lane, Stockport SK2 5TT (061-480 9614) has condensed all the requirements into a pair of flameproof boxes (three including an optional ticket printer) providing a system that is both tamper-proof and easy to read and use.

Metal and Pipeline Endurance (MAPEL) of Taylors Road, Stoford, Hitchin, Herts SG5 4AG (0422 733035) has solved the problem by making use of a purpose-built ultrasonic flow detector with a transducer that the operator moves over the wall of the vessel to obtain a cathode ray tube indication of the location of the liquid/vapour interface. Knowing the level, the volume and weight of the liquid is soon calculated from tables.

The operation only takes a few minutes per cylinder. Furthermore, there is no need to disconnect or remove the vessels, retaining full fire protection.

Of interest is the fact that MAPEL recently tested 200 spheres on Thistle Alpha, of which six were found to have a low level; one was empty.

SENSITOUCHE describes a range of membrane keyboards just introduced by Bowmar in Europe.

They have a flat membrane overlay, and thus provide wipe-clean, spill and puncture-resistant surfaces, making them ideal for use in all environments, from the supermarket to the laboratory, whilst at the same time retaining the touch-sensitivity and reliability of more conventional systems.

The new keyboards, which are manufactured by Bowmar at its Fort Wayne plant in Indiana, can be custom-built

ture in the flow line is measured and the correction is computed according to the switch settings.)

Signal outputs are provided for valve/pump control, delivered volumes (temperature corrected on not, for remote data acquisition), and for additive injection control.

The half-inch gas discharge display characters are easily seen in daylight and data is saved in the event of a power failure since the memory is protected by trickle charged batteries.

Brooks expects to have BASEEFA approval soon, and the U.S. parent is seeking similar approvals in most other parts of the world.

## ELECTRONICS

### Easier filling of road tankers

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Sensitouch is based on the interplay between upper and lower switch surfaces. These are normally separated by a perforated polyester film, but when the keyboard's surface membrane is touched, the upper switch deforms through the separator layer to make contact with the lower surface and so activates the system, which is constructed so that it is not possible to activate more than one key at a time.

The upper surface of the keyboard has been designed to incorporate multi-colour graphics through-panel light-emitting diodes (LED's) as available options.

Actuating force runs from 2 oz-10 oz; contact bounce is 5 milliseconds maximum; contact resistance 5 ohms and minimum life 10m actuations.

Bowmar Instruments, 49 High Street, Weybridge, Surrey KT1 5LA.

Wh you is g

and are compatible with existing keyboard systems. Where it is necessary to define specific applications for particular customer requirements, Bowmar's own staff can assist on all aspects of design from membrane actuation force to electrical parameters.

Sensitouch is based on the interplay between upper and lower switch surfaces. These are normally separated by a perforated polyester film, but when the keyboard's surface membrane is touched, the upper switch deforms through the separator layer to make

# Beautiful, scarce and very valuable.

In many ways the countryside of these islands is taken for granted. The rolling Cotswolds, the dramatic landscape of the Highlands, the hedgerows, moors, forest and farmlands are there for us to see whenever we please.

Yet the countryside is also an industry. Indeed, much of its appearance has been dictated by the demands for food production, from the enclosures of the middle ages, to the mechanised efficiency of the modern fenlands. It's an industry that is both technologically very sophisticated and, nonetheless, still relies on a down-to-earth feel for the land.

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الآن في المعرض

## THE MANAGEMENT PAGE

Does wood-carving be  
le training for a machine  
worker? Does sculpting in  
metal enable an apprentice  
worker to achieve  
spiritual balance? Does  
marketing of homemade  
ocks prepare a would-be  
for real life competition?

These are the questions  
not by ivory tower  
gues, but by the pro-  
ts responsible for the  
g of new workers in high-  
d German companies like  
r-Benz, Mannesman,  
and Voith. The underly-  
ing question is: what role does  
play in business train-

lection of studies on the  
has just been published  
Institute der Deutschen  
naft, a business-affiliated  
group. Three contribu-  
attempt to assess the pros-  
of case studies in in-

where a conscious  
t to foster creativity has  
activity, the editor concedes  
reward, is a vague con-  
misunderstood by  
based businessness. The  
trust of these studies is  
activity, the capability to  
new solutions to prob-  
rising from unexpected  
ons, is an important  
for workers on all levels.  
larly, creativity as part  
overall training pro-  
duces greater com-  
on the part of the  
enhances the self-  
ence of the trainee and  
aging a spirit of team-

Darrell Delamaide reports on a collection of German studies which show how 'creativity' can help in employee training programmes

# Using sculpture to mould the perfect worker

work, and allows for the absorption of "effective" learning, so that training does not become too cerebral or mechanical (head, hand and heart is the ideal). At least, this is the claim of the authors of these studies.

There are two main approaches to introducing creative activity into a training programme: the "direct" method of simulating a problem for the trainees and giving them free rein to solve it; or the "indirect" method of providing instruction in crafts totally unrelated to the work at hand. A middle way, using industrial skills to achieve aesthetic ends, is also described.

Wolfgang Fix, training director for the mechanical engineering firm Zahnradfabrik Friedrichshafen on Lake Constance, describes the "practice company" used to train com-

mercial employees since 1975. Twelve trainees spend one afternoon a week at the mock company, which is not completely simulated but produces real products, sells to real people and reckons its accounts in real money.

This programme is an extension of the simulation programme used by Daimler-Benz for its manufacturing employees. Trainees are divided into teams and instructed to build a steam-powered machine. The chemical giant Bayer has developed a practice company, Miraculix AG, which, like that of ZF, is also for commercial employees.

Karlheinz Saum, training director of J. M. Voith GmbH in Heidenheim (between Stuttgart and Augsburg), describes the arts programme used at the engineering company since 1958. The youthful trainees (Germans have often begun professional training at a company by the age of 15) spend 90 minutes a week going

handcart. The market is the through a course of arts and crafts including wood sculpting, clay modelling, black-and-white drawing and painting in water-colours.

Voith's 350 trainees are divided into groups of 15 or 20 for the art classes. For those sceptics who think that such an addition to the training programme would be too costly in time and money, Saum points out that the art instruction represents only 1.7 per cent of overall training time and only 0.8 per cent of total cost.

What are the gains of such instruction? Saum lists seven qualities, from the sharpening of powers of observation to self-realisation of the individual. Similar art instruction is provided by other companies in the area, as well as by Babcock BSH AG in Krefeld.

In the final study, Reinhard Zedler, training specialist on

the Institute staff, describes a middle way used by Mannesmann-Röhren-Werke AG, Düsseldorf, and the Württembergische Metallwarenfabrik (WMF) in Geislingen/Steige (near Stuttgart).

When in 1971 Hermann Josef Baum, an artist, produced a relief for the Mannesmann unit made of pipes, the trainees who assisted with the project were so enthusiastic that the project was adopted as company policy.

Since then first- and second-year trainees may spend four hours a week working on artistic projects utilising scrap materials and the tools of their trade. Some of the works produced in this programme are being displayed at the Didacta educational fair in Düsseldorf this month (March 27).

Baum had a similar experience at WMF, with the result that twice a year WMF trainees have the opportunity to spend two weeks full-time working on sculptures made from scraps of stainless steel.

All the authors of the studies are at pains to provide theoretical justification for these programmes and cite a wide range of literature, both American and German. In the end, as they admit, the benefits of these efforts are difficult to quantify and the appraisal remains subjective. Still, the studies offer enough detail to form a basis of discussion not only for other German companies, but for European firms in general.

**Fix, Saum, Zedler, "Kreativität: Neue Wege in der betrieblichen Bildung," (in German). Beiträge zur Gesellschafts- und Bildungspolitik 35/36. Deutscher Instituts-Verlag GmbH, Postfach 51 06 70, 5000 Köln 51. Price: DM 15.80.**



Look here guy, as an artist, that's how I actually see the car

WEST detente is a highly  
ious mixture of com-  
n and co-operation which  
es on several levels at the  
ime and is open to almost  
 varieties of interpreta-

ies Levinson, a fast-  
Canadian who spends  
of his time running an  
ational trades union in  
a, believes in the con-  
y theory of world events.  
s latest book, "Vodka",  
he has applied this to  
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is a Manichean vision of  
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nd West whereby a tight-  
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power and wealth through  
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with their equally self-  
ing and cynical counterparts  
East.



## The 'unhealthy' cocktail of East-West trade

BY ANTHONY ROBINSON

the power elites of both sides makes a mockery of democracy. East-West trade and finance under these conditions is an unhealthy cocktail—Vodka-Cola.

The Vodka element is access to cheap and docile labour. By transferring production to the East the multinationals and other Western companies are able to make huge profits and obtain cheap, reliable supplies. This also puts pressure on their unionised Western plants, leading to unemployment, dumping and pressure on wages.

As for the Cola, this is the sweetly effervescent flow of high technology and capital to Communist regimes. It allows the elite to continue to enjoy the privileges of an

authoritarian system, and rids them of the need to entertain liberalising reforms.

Few would argue with the proposition that the injection of Western capital and technology has given a significant impulse to the modernisation of Communist economies. But it is highly debatable whether this process has given Western capitalists vast profits by giving them access to cheap labour.

Mr. Levinson calculates that real wages in the East are 10 to 20 times lower than in the West. Living standards certainly are lower in Eastern Europe but wages are nowhere as low as Mr. Levinson estimates. Furthermore the macro-economic and structural inefficiencies of most Communist economies ensure that productivity, even on sophisticated Western equipment is generally much lower than in the West.

Even if wages were that low it is inconceivable that the resultant profits would be allowed to pass to Western capitalists. On the contrary, the professional negotiators who deal with western companies are past masters in the art of playing one competitor off against another. They drive a

hard bargain both in terms of price and the sort of compensation and buy-back arrangements which are often linked to purchases.

Marketing such products profitably frequently demands all the ingenuity and access to world-wide markets which the transnationals and other companies possess.

Nevertheless, East-West trade has certainly developed into big business in recent years. Mr. Levinson's vision is that of capitalist hyena and Communist fox happily arranging cynical global deals with little disregard for the politics and propaganda of ideological dispute.

Having been strafed by Nazi bombers made by the German subsidiary of General Motors during the last war, Mr. Levinson holds out the prospect of similar possibilities in any future conflict. He also rehearses the irony of transnationals like ITT simultaneously helping to bring down President Allende in Chile and negotiating major deals with the Soviet Union. His account of the way in which Italian and international big business set out to ensure its survival in the event of the

Communist party coming to power in Italy—a process he describes as the Vodka-Espresso operation—makes interesting reading.

Few people would deny that business corporations, banks and institutions wield real power, are in a position to influence politics and politicians and indeed carry out their own foreign policies. What is good for General Motors is not necessarily good for the rest of us and Mr. Levinson devotes much of his book to criticism of the transnational corporations in general.

Most of it has been said before

and Mr. Levinson adds little

that is new. But by concentrating on the extent and nature of East-West economic co-operation Mr. Levinson has raised some important issues which have not been fully debated.

The conventional wisdom has

it that East-West trade is

mutually beneficial. On an

individual company or corpora-

tion level Communist contracts

have helped many an enterprise

to keep production up at a time

of recession in the West. Jobs

and profits have been assured.

Banks have also been glad to

lend their surplus dollars to

Communist borrowers with a

so-far virtually untrammelled re-

payment record.

On the other hand Western

credits and technology have

helped to modernise both the

civil and military components

of Communist economies, and

have tilted them over gross

failures in their agricultural

systems.

But if one takes a longer view

it can be argued, as Levinson

does, that this kind of economic

and financial co-operation has

permitted the continuation of

what is essentially an unsatis-

factory status quo. If the East

had not had access to Western

capital, products and markets,

the Communist regimes might

well have had to undertake

fundamental reforms of their

systems—which could have had

a liberalising effect on their

societies. Instead, increased

trade has been accompanied by a tightening up of internal discipline.

Far from being agents of genuine detente and increased mutual understanding, Western businessmen have sometimes lent their weight to Soviet calls to keep politics out of business and not let considerations of human rights or democracy enter into political calculations.

Furthermore, Levinson argues, the Western plants set up with Western capital in the Communist blocs are now coming on stream and threatening the jobs of workers in the West, as low price chemicals, tyres and other products come onto Western markets through compensation deals and other arrangements. Far from strengthening the West, this holds out the promise of greater social instability, protectionism and suspicion.

One suspects that we are going to hear much more of this argument in future. But if Levinson's view of the world is correct the pressure of bankers anxious to avoid default, and business men seeking markets and access to raw materials, is likely to keep East-West trade on a business-as-usual basis for the foreseeable future. Pass the Cola, tovarich, thanks for the Cola, comrade.

Vodka Cola by Charles Levinson, Gordon and Cremonesi, £7.90.

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## Business courses

### APRIL

International Taxation, Vienna, Austria, April 18-20. Details from The Registrar, Management Centre Europe, avenue des Arts 4, B-1040 Brussels, Belgium.

Trans-national Data—the impact of new technology and legislation, Brussels, April 24-26. Details from European Study Conferences, Kirby House, High Street East, Uppingham, Rutland, Leicestershire LE15 9PY.

Purchasing for the Smaller Company, Bristol, April 23-24. Fee: £100. Details from Purchasing Economics, Pel House, 35 Station Square, Potts Wood, Kent BR4 1LZ.

Association of Teachers of Management '79 Annual Conference, Educating and Training the International Manager, Cambridge, April 2-4. Fee: members £80 plus VAT, non-members £110 plus VAT. Please telephone 01-452 5811 X 259, or write to ATM, Polytechnic of Central London, 35 Marblebone Road, London NW1 5LS.

Service Agreements (Drafting, Termination and Tax), Leeds, April 10. Fee: £23. Details from: The Registrar of Continuing Education, The College of Law, Brabourne Manor, St Catherines, Guildford GU3 1HA, Surrey.

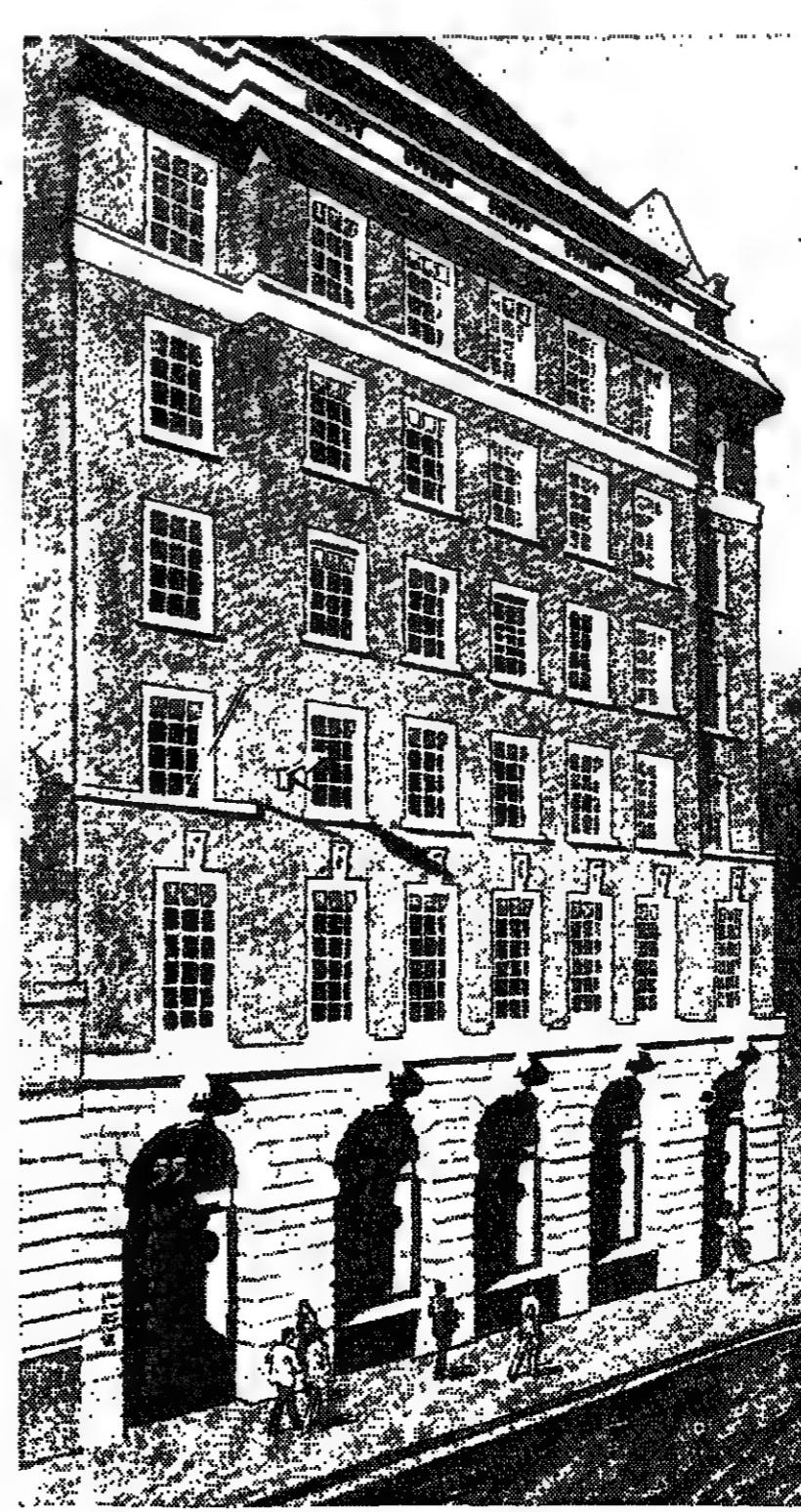
International Employee Benefits Conference, New York, April 25-27. Fee: \$495. Details from Program Manager, The World Trade Institute, One World Trade Center, 55 W. New York, NY 10048, US. Telephone (212) 466-3175.

MAY

Developing Skills in Problem Solving, Henley-on-Thames, May 20-25. Fee: £360 inclusive. Details from The Registrar, Administrative Staff College, Greenlands, Henley-on-Thames, Oxon RG9 3AU.

Supervising Maintenance Work, Slough, May 13. Fee: £165 inclusive. Details from Management in Action, 121 St James's Drive, London SW17 1RP.

Thirteenth London Personnel Management Conference, London, May 1-3. Fee: £180. Details from Conference Administrator, Institute of Personnel Management, Registered Office, Central House, Upper Woburn Place, London WC1H 0HX.



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# LOMBARD

## Playing the UK's trump card

By JOHN CHERRINGTON

It is now open season for attacks on the Common Market and the workings of the Common Agricultural Policy. Instead of being the prerogative of a few unreformed anti-marketeers and Left-wing politicians, criticism either abrasive (Mr. Callaghan's) and Mr. Silkin's) or slightly less so (Mr. Nott's) has become respectable. The pro-market Press here and abroad puts it down to electioneering which will die away as soon as the polls are closed, and the chauvinistic British will no longer be interested in sabotaging the progress of the Community. Don't you believe it.

### Election issues

What these critics must realise is that the decisions of the Commission in Brussels, the Council of Ministers and eventually presumably the European Parliament will be political issues of the greatest moment to the populations of the nine or 12 member countries. The only way in which these decisions can be agreed or controlled must be by making them part of the political process. There is nothing sacred about them.

This does of course entail making them national election issues, just as the differences between socialism and conservatism are violently debated in Britain. This does not necessarily mean Britain's exit or expulsion from Europe, as an alternative to robust rhetoric. The politicians of the Continent have thicker skins than it.

The last thing our partners want is our departure. Quite apart from the political benefits of British membership to the unity of Europe this country is a major paymaster, likely to be the prime one before long, and of immense value to the CAP as well.

Because of a shortage of suitable land this country has to import about 35 per cent of the temperate food consumed here. This has always been the case, and previously successive governments profited by using it to exploit the food markets of the world under the so-called cheap food policy. The power of a deficit market in an over-supplied world is immense and in food and soft commodities the world has been over-supplied for much longer periods than it has been short.

By joining the Community this great advantage was lost to be replaced by a dead food policy designed to support the CAP and its increasing surpluses. Because of EEC membership this country can no longer purchase food at bargain basement prices along with the Poles, Russians, Pampas and other recipients of subsidised Community exports. The benefits of British membership to the solvency of the CAP are impossible to exaggerate.

That advantage was not taken of this elementary economic fact during the entry negotiations but put down to the ineptitude of successive politicians who could not see a trump card if it was waved in front of their eyes. That card still exists. But I doubt if even the present Government really sees it, or would know how to use it if the circumstances arose.

This may be a harsh judgement. But the alternative is that British politicians feared and still fear being considered non-idealistic and non-communautaire. If this is the case it is a serious mistake. Idealism rigidly adhered to is one of the most costly of human frailties in every respect. Politicians on the Continent seldom suffer from it.

What people here must understand is that the Community is a rough place and that the national and sectional interests there are ruthlessly managed for advantage. To succeed British interests have to be just as rough and plain-speaking as they are.

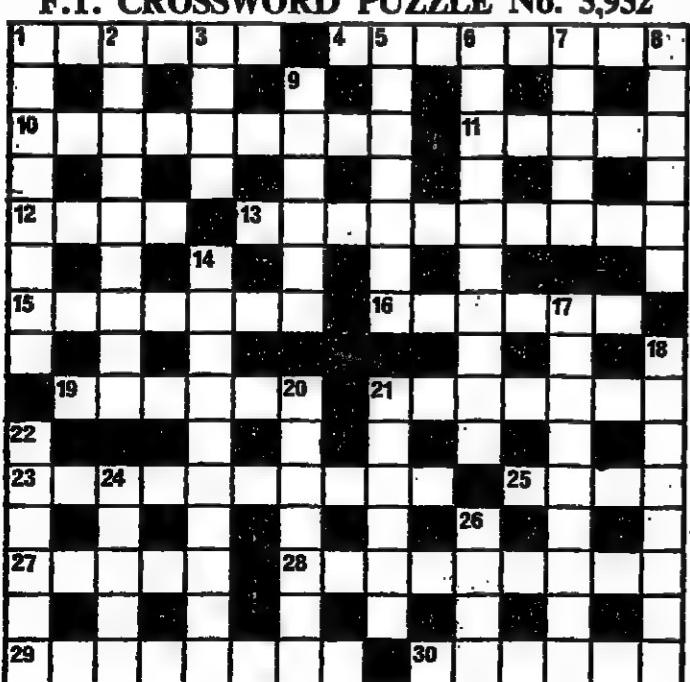
### Send a writ

It is, I believe, nonsense to think that Mr. Silkin's present intransigence on farm prices and fishing will lead to our being asked to withdraw. Indeed the only result is likely to be the realisation that Mr. Silkin is at last conforming to the norm of National Ministers — a code of behaviour they understand and appreciate.

It reminds me of the time that I was owed a large sum of money by a rich and public figure, now deceased. After bills and polite letters had been unanswered I asked a City friend what I should do. "Send him a writ. That is the language he understands." I did and I had a cheque by return.

John Craven's Newround. 5.10 Stopwatch. 5.40 News. 5.55 Nationwide (London and South-East only). 6.20 Nationwide. 6.45 The Osmonds (London and South-East only). 7.15 Blake's Seven. 8.10 Dallas. 9.00 News. 9.25 "The Miser or The Laird o'Grippy" (play starring Rikki Fulton). 11.15 Tonight. 11.45 Worlds Without Sun. 12.10 am Weather / Regional News. All Regions as BBC1 except at the following times:—

### F.T. CROSSWORD PUZZLE No. 3,932



### Radio Wavelengths

1 105kHz/25m 3 1215kHz/247m  
2 1059kHz/25m 4 200kHz/150m  
2 1059kHz/25m 4 200kHz/150m  
2 1059kHz/25m 4 200kHz/150m

### RADIO 1

(S) Stereophonic broadcast

5.00 am Weather. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 4.30 Tony Blackburn. 4.31 Kid Jensen. 7.00 Personal Call. 8.00 Andy Peebles. 9.50 Radiobeat. 12.00 John Peel (S). 12.00-5.00 am As Radio 2.

Solution to Puzzle No. 3,931;

SOUTHPAW, LYSISION, WINE, RSW, NANA, RIDER, BOWSTREET, EUEHE, FIREWATER, EARTH, THAUVF, HAPPIELISI, WNW, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30.

RADIO 2

5.00 am Weather. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 4.30 Tony Blackburn. 4.31 Kid Jensen. 7.00 Personal Call. 8.00 Andy Peebles. 9.50 Radiobeat. 12.00 John Peel (S). 12.00-5.00 am As Radio 1.

Solution to Puzzle No. 3,931;

SOUTHPAW, LYSISION, WINE, RSW, NANA, RIDER, BOWSTREET, EUEHE, FIREWATER, EARTH, THAUVF, HAPPIELISI, WNW, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30.

RADIO 3

5.00 am Weather. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 4.30 Tony Blackburn. 4.31 Kid Jensen. 7.00 Personal Call. 8.00 Andy Peebles. 9.50 Radiobeat. 12.00 John Peel (S). 12.00-5.00 am As Radio 1.

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RADIO 4

5.00 am Weather. 6.10 Farming Today. 6.25 Shipping forecast. 5.30 Radio Times. 10.00 Sports desk. 10.02 Weather. 10.05 Radio Times. 10.15 Radio Times. 10.20 Question Time. From 4.30 pm Dodo. 7.00 Today's News.

Solution to Puzzle No. 3,931;

SOUTHPAW, LYSISION, WINE, RSW, NANA, RIDER, BOWSTREET, EUEHE, FIREWATER, EARTH, THAUVF, HAPPIELISI, WNW, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30.

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RADIO 6

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RADIO 7

5.00 am Weather. 6.10 Farming Today. 6.25 Shipping forecast. 5.30 Radio Times. 10.00 Sports desk. 10.02 Weather. 10.05 Radio Times. 10.15 Radio Times. 10.20 Question Time. From 4.30 pm Dodo. 7.00 Today's News.

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RADIO 8

5.00 am Weather. 6.10 Farming Today. 6.25 Shipping forecast. 5.30 Radio Times. 10.00 Sports desk. 10.02 Weather. 10.05 Radio Times. 10.15 Radio Times. 10.20 Question Time. From 4.30 pm Dodo. 7.00 Today's News.

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RADIO 9

5.00 am Weather. 6.10 Farming Today. 6.25 Shipping forecast. 5.30 Radio Times. 10.00 Sports desk. 10.02 Weather. 10.05 Radio Times. 10.15 Radio Times. 10.20 Question Time. From 4.30 pm Dodo. 7.00 Today's News.

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RADIO 10

5.00 am Weather. 6.10 Farming Today. 6.25 Shipping forecast. 5.30 Radio Times. 10.00 Sports desk. 10.02 Weather. 10.05 Radio Times. 10.15 Radio Times. 10.20 Question Time. From 4.30 pm Dodo. 7.00 Today's News.

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RADIO 11

5.00 am Weather. 6.10 Farming Today. 6.25 Shipping forecast. 5.30 Radio Times. 10.00 Sports desk. 10.02 Weather. 10.05 Radio Times. 10.15 Radio Times. 10.20 Question Time. From 4.30 pm Dodo. 7.00 Today's News.

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RADIO 12

## THE ARTS

Hall

## Friday Concert

by DOMINIC GILL

ur Friday Concerts pre-  
view this month by the  
Orchestral Concert and the four London  
is—four mixed pro-  
of new and old—  
e very dramatically the  
's even the most  
ve-minded programme  
have to inject new  
ew blood, into an obsti-  
tradition-bound milieu;  
go very little way  
olving the problems.  
e problems are real and  
ed. There is resistance at the first level. Orchestral  
hemselves do not in the  
e new music. It does  
es fit kindly for their  
ns; the notation is  
cult to read; the music  
rehearsal, more  
usual. Worse still, it  
ad—bad at any rate  
with yesterday's 22nd  
ce this year of Chai-  
Fifth. Custom—and no  
ore accustomed to the  
al reiteration than the  
l player—dies hard.

ences in the main appear-  
An evening out at  
er-hall should be a  
n, not a challenge. And  
ce, as they count their  
receipts, do orchestral  
who learn the hard  
writing an unfamiliar  
ever worthy, in the  
ne means writing off  
budget rows of empty

udience for familiar,  
and much-played  
ll not have new music  
on it; yet without new  
sic will die. The equa-  
ns to spell disaster.

LOCB asks, is all really  
ere is indeed an audi-  
ough a smaller one,  
to new approaches,  
s—and every reason to  
at that audience could  
he problem becomes  
ough no less intract-  
to provide for that  
ority interest, and at  
a time to persuade,  
and entertain, on  
limited financial  
?—how to please most  
topic most of the time,  
ensure that the new  
es not wither away?  
ear by now that mixed  
are probably not the  
answer. To set the  
nts of today side by  
the acknowledged  
cess of the past,  
and Sinopoli, with  
n, Davies with Berlioz,  
with Bruckner, is not  
ly either attractive or  
e. The very self-  
ness and artificiality

eth Hall

## Elizabeth Harwood

by ELIZABETH FORBES

A recital at the Eliza-  
ll on Sunday night,  
Harwood chose two  
f Lieder, by Brahms  
hard Strauss respect-  
and ended her pro-  
with a selection of  
songs, mainly from this

The soprano was in  
voice and after an  
insteadness in her first

recital's "If Music be  
of Love"—had been  
she drew a firm, well-  
line for the remainder  
evening.

1 of the songs she  
re in a gently mel-  
ood: "Liebestreu" and  
"Herr Lenz," that delightful  
evocation to spring, which Miss  
Harwood sang with understand-  
able sincerity. In "Blauer Son-  
mer" she missed some of the  
warmth and languor that Strauss  
conjures up, but both "Meinen  
Kinde" and "Wiegendie" had  
maternal tenderness, while the  
ecstasy of "Wie solten wir  
geheim sie halten," in which the  
lovers cannot bear to hide their  
happiness, was beautifully ex-  
pressed in the soaring vocal  
line.

The Strauss songs included  
"Herr Lenz," that delightful  
evocation to spring, which Miss  
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able sincerity. In "Blauer Son-  
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geheim sie halten," in which the  
lovers cannot bear to hide their  
happiness, was beautifully ex-  
pressed in the soaring vocal  
line.

Among the English songs,  
Ivor Gurney's "Desire In  
Spring" was finely phrased, and in Roger Quilter's setting of "To  
Daisies" by Herrick, Miss Har-  
wood did justice both to the poet. In two  
songs by Britten, however, she  
failed to extract the full flavour  
of the verses; both "Fish in  
the unruffled Lakes" (W. H.  
Auden) and "Wagnall and Baby"  
(Hardy) were most remarkable  
for the rippling accompaniments  
provided by Mr. Parsons. Singer  
and pianist combined to make  
Sullivan's "Where the Bee  
Sucks" a charming encore.

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The concert will be held on

## CAMDEN FESTIVAL

Round House

## Week of Jazz

by KEVIN HENRIQUES

The borough of Camden could justly claim to be the local authority most friendly to jazz in the London area, if not the whole of Britain. For several years now it has incorporated a jazz week into its annual music festival. Each time, via the admirably capable organising abilities of the Jazz Centre Society, the week has introduced to audiences some rarely heard, several under-rated and many top class musicians. The JCS, to its credit, has never exceeded the budget laid down by Camden. Equally Camden must be thanked for putting aside sufficient money to enable the JCS to book so many important musicians. For this year's week Camden contributed something in the region of £6,000. With a net box office income reckoned at £7,300, based on a take of 70 per cent capacity of the 750-seat Round House, it can be readily appreciated that jazz plays an important part, financially as well as artistically, in the Camden Music Festival.

For the third of the Friday Concerts last week, played by the London Philharmonic Orchestra under Walter Susskind, it seemed a very whimsical decision, neither instructive nor effective, to sandwich Beethoven's third piano concerto between recent works of Giuseppe Sinopoli and Luciano Berio. The three pieces neither went particularly well together, nor set each other off to advantage. No one could have been drawn to the concert by the Art Ensemble of Chicago, the almost legendary black American group which for the past 11 years has been a major force in jazz. Theirs was a sell-out concert on Wednesday, unlike those on Friday and Saturday, thus illustrating the inevitable risks jazz concert organisers face. Friday began with some anonymous sounding jazz/rock from a quintet led by guitarist Alan Holdsworth. Only altoist Ray Warleigh and Gordon Beck on acoustic piano lifted the music above the level of ordinariness.

The focal point of the evening, however, was the premiere of Ian Carr's *Conversation with the Blues*, a special Arts Council commission to celebrate the 25th anniversary of the Camden Festival, appropriately given to trumpeter Carr, a Camden resident. This is a five-part composition played by a nine-piece band. The rock-flavoured opening section in exhilarant 7/4 time got off to a promising start, with guitarist Jim Mullen and keyboardist Geoff Castle indulging in some nifty exchanges and percussionist Chris Fletcher propelling the theme explosively. Things sagged a bit in the middle sections, with the blues conversations becoming rather sketchy. But all was retrieved in the exhilarating

Sitting, for the most part cross-legged, his trumpet bell pressed close to the low-slung microphone, the hunched Baker stabbed out the notes at first hesitantly then with deliberation in the rhythmically cooing "Love for Sale." Eschewing faster tempos for the most part and keening mainly in the lower and middle registers he shaved some glorious, deeply considered phrases, his tone stronger than in years past but widely open and unmistakably his alone. His melodic lines did not flow with continuity but his statement of a stark, so-personal style was riveting.

When he wasn't playing, how-

ever, boredom crept in as his

accompanying group dutifully

somewhat somnolent, made

their contributions. In a jazz world short of originals at the

moment Baker's playing is

exclusively his and for that we

must be grateful. Alas, he sang

and for that I, at least, was not

grateful.

When he wasn't playing, how-  
ever, boredom crept in as his  
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moment Baker's playing is  
exclusively his and for that we  
must be grateful. Alas, he sang  
and for that I, at least, was not  
grateful.

In fact, Lefanu's writing for  
the seven "background"  
instruments is far more respon-  
sive and alive to the course of  
the soloist than her description  
implies. Throughout, there is  
the most subtly contrived  
and atmospheric interweaving  
between cello and ensemble.  
Only occasionally does the cello  
manage to break away  
altogether from the restraints  
around it; most of the time it  
develops suggestions heard in  
the background; tries to push its

companions in the direction it  
wants, but in the end subsides  
back into their quietude.

One could also hear beauti-  
fully wrought little work as a  
picture of the individual and  
his environment: impetuous  
adolescent youth growing out of,  
and back into society. But it  
works too, of course, as pure

music—a 13-note row skillfully

used, repetitively beautiful

chordal fragments set against

lyrical cello recitatives. A

successful piece, and in this

premiere by Christopher van

Kampe and the Nash Ensemble

(for whom it was written)

quietly, effectively, with only a

couple of slips in performance.

Is it a little soft-centred?

"Deva" means good spirit. I

prefer mine rather more active

than this. A warm reception

from an audience who must have

come to hear Mozart, Ravel and

Schubert's Octet.

Logan Hall

## Cleo Laine

"Welcome home!" shouted a highly emotional Arts Council voice at the climax of this riotously successful evening; and home it was for the Camden Festival presented Cleo Laine's first solo recital in 1966, and here she was 13 years later—successful, somehow or other, without having stopped being a nice, brilliantly accomplished, without popularity in the process. She's the thinking man's Shirley Bassey and Christina Deutelhom rolled into one. Cleo could teach every leider singer a thing or two about communicating, and acting, and being the music—and she could teach every pop artist a thing or two about singing.

Her material is another

matter. This was an up-market

NICHOLAS KENYON

evening of her husband John Dankworth's "word-songs": settings of Shakespeare, 20th-century poets and others which quite often make the blood run cold with their meandering triviality. "Fear no more" as swung, diluted Quilter, Donne's "Goe and catch a falling starre" à la Perry Como. The best are very, very funny: a bitchy "Who is Sylvia?" Dankworth's revamping of the Macbeth story in "Dunsmane Blues," and a couple of Eliot settings (one, the best of the evening, by Ewan Williams). This is song topsy-turvy: singer first, librettist second, music, a poor third. But it works. Humankind cannot bear too much art in one dose.

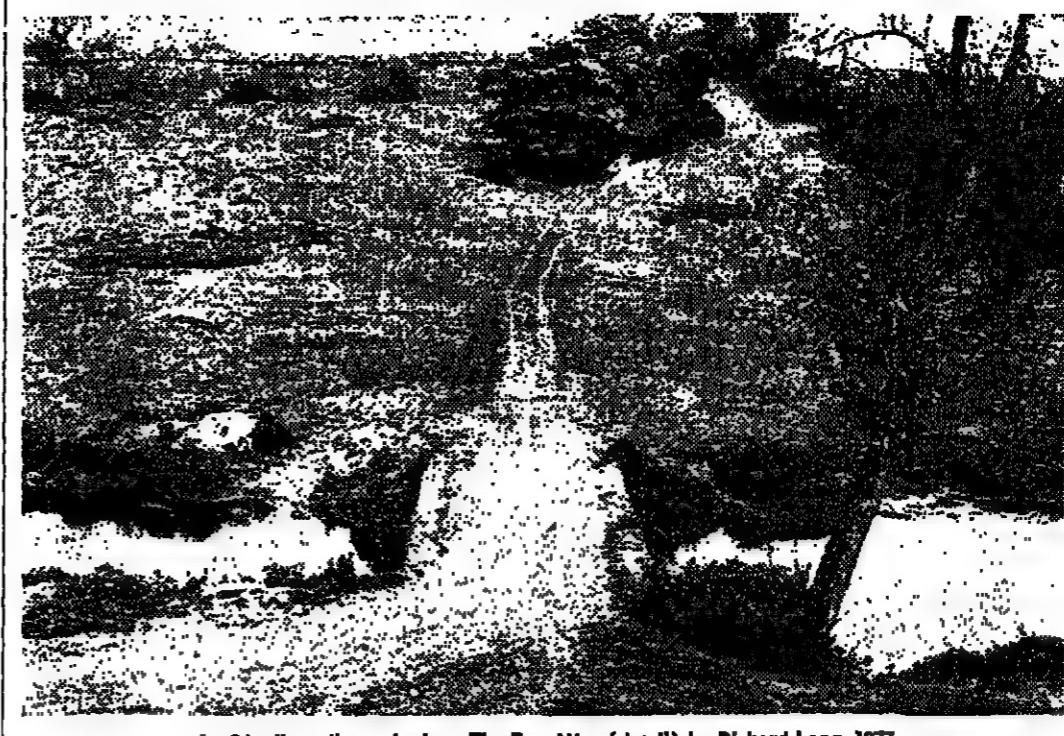
NICHOLAS KENYON

Monday April 2 at the 100 Club, Oxford St, starting at 8.15 pm. Playing the first set will be the Stan Tracey quintet with saxists Bobby Wellins and Ari Themen. The second set will feature the sextet of pianist John Taylor featuring Chris Pyne, Stan Sulzman and Norma Winstone.

## London Galleries

## Working in the landscape

by WILLIAM PACKER



An 84-mile walk north along The Foss Way (detail) by Richard Long, 1977

The landscape, the physical world we live in, is so much a part of our lives, of our everyday experience, and so infinitely varied in its particular detail and in its response it evokes, that it is odd we should ever have come to expect the artist alone to work from it only in the prescribed, familiar way. Yet, in an alarming and disappointing degree,

Richard Fulton (at Whitechapel until April 22) shows only photographs, all of them from the last five years. Some stand alone, others in groups comprising a single work, "The Bering Sea," for example, six panels in a row; and they go by consciously simple and sometimes ambiguous names: Seven Days; Barking Dogs; Gazing. When is a photograph more than a photograph? for the claim is clearly made that these things are indeed the works too, and not merely the documentary record of the real, alfresco business? And, we might as well ask, when did an extended hike across country transform itself into Art?

The simple answers, of course, are that the artist is free to choose the means most appropriate to his intention, and is bound only by the technical constraints of his chosen medium. The experience he draws upon to sustain his work is part of it, and, considered creatively, is itself, creative. Fulton's works at the Whitechapel are technically impressive, splendid demonstrations of landscape photography, and, like Roger Fenton's old photographs at Aynhoe's, that my colleague, Dr. Strong, spoke of last week, they are more than that. They are as profound and particular in their study of the world as we all share. Images that are accessible to each of us, and very moving, as any drawing or painting can be, no more perhaps, but no less. They are simply the work of an artist who chooses to work in that way with the trick of engaging the poetic imagination.

Richard Long (at Anthony d'Offay until April 12) is an artist close to Fulton but distinct from him, a sculptor in fact rather than by implication, who marks his presence by discreet signs and totems, stone circles, cairns and lines left behind him, and brings back material from certain places to be rearranged in celebration and recall. He, too, takes beautiful photographs which he sets against the explicatory map or diagram to constitute the evocative piece.

The dangers are obvious, for the kind of material he uses, stones, driftwood and natural debris, is inherently seductive, almost impossible to misuse, and he has not always managed to avoid in the past a certain preciousness in its deployment; and he has also been inclined to spell out his travels, leaving his viewer too little imaginative space.

He has been much in evidence in recent years, our representative in Venice in 1976,

and given a large retrospective at Whitechapel the following year, and I expressed my misgivings then. More recently, however, the gallery sculpture

has grown simpler and more concentrated, thus stronger, and the wall-pieces, too, more self-effacing and suggestive. This small show makes the point well.

Long is a Bristolian, and the River Avon has supplied him with material and ideas for at least 10 years past, and here we see some of such work done in that time, most of it since 1977. He is pre-occupied with ideas of quantity and equivalence, with the 84 miles of the river's length, and the images and rituals to be devised upon them: a pile of 84 stones, for example, a walk 84 miles north along the Foss Way, 84 miles by canoe down the River Severn; and each concept is carried through, to be embodied finally, and fixed in the aspic of a single photograph, and perhaps a simple man. Downstairs are two related sculptures, bundles of driftwood collected at different times set out in two rows, wryly poetic and disarmingly easy.

Finally there is Ivon Hitchens until April 25, and then on tour to Cambridge, Penzance, Hull and Nottingham), who has been sitting in his Sussex wood for a life-time, responding to the shifts of season and weather with direct simplicity, and considerable panache. He is a Romantic Expressionist whose comparative popularity in his old age, at a time when the only true innovation was held to be transatlantic, denied him any proper critical recognition of his idiosyncratic and remarkably early contribution to modern British painting. His improvisations upon landscape in the late 'thirties, and during the war, remain as fresh and strong as anything done in their time; and if, in his seventies and eighties, Hitchens has come to rely on a tried and proven formula, the results, though not quite so impressive, bear out the strength of that middle phase. The only pity is that some of the very best works of his maturity are held by the Tate.

his young conductor would co-operate in this ripe, serene work. In fact they had a fruitful partnership. Rattle's preference for a certain severity of line set off Milstein's seasoned account of the sole part very well and he drew as full and balanced sound from the orchestra. The limp oboe tune in the Adagio was impeccably shaped. A measured first movement was contrasted with a swift, sharply indented Finale brimming with enthusiasm.

Once or twice Milstein was fractionally below pitch, but it was of no consequence. The warmth and refinement of his interpretation was constantly to be admired, and he did not surrender the classical reserve which is instinct with him, and eminently right for Brahms. If this is really a symphonic work with a violin rather than for one, Milstein's weighted poise was ideally placed at its centre. DAVID MURRAY

The violinist Nathan Milstein was warmly welcomed back. He had chosen the Brahms Concerto; one wondered how he and

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	1500	1635		
San Francisco	1530	1730		Wed/Fri/Sun
	1530	2005		Mon/Tues/Thur/Sat
Seattle	1240	1320		Wed/Fri/Sun

## FINANCIAL TIMES

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Tuesday March 27 1979

## Wearing belt and braces

**THE POSTPONEMENT** until May 8 of the call due later this week of the first tranche of banking special deposits is at first glance a puzzling development. On the one hand, the authorities have been funding aggressively, to such effect that this and other actions have been necessary to ease what would otherwise be an acute shortage of liquidity. On the other hand, unusual steps have been taken to resist any fall in interest rates which might naturally result from this assistance. It looks rather like driving on the accelerator and the brake at the same time.

In fact on closer inspection it is more a matter of belt and braces. Looking backwards, the authorities see a possibly disturbing rise in bank lending during February; looking forwards, they see the problems that might be posed by a budget influenced by electoral considerations, or the policy pause following a vote of no confidence. Funding that will finance the borrowing requirement until June may in these circumstances be the prudent minimum rather than any sign of severity; and it may well be felt that to allow the market to become over-impressed with its recent purchases of stock will simply lead to difficulties in the next stage. Meanwhile, further evidence is needed before the rise in bank lending can be fully explained.

**Cautious view**

This is the cautious view: the question is whether it is simply responsible management, or perhaps hyper-cautious. There are two clear reasons for questioning the present approach. First, it is always somewhat suspicious when the Bank finds it necessary to take special action to resist a market move in interest rates at a time when the funding of the borrowing requirement—the fundamental means of controlling the money supply—is going well.

A monetary target implies a willingness to give priority to monetary control even if it means large swings in interest rates to achieve it. The Bank has proved willing over recent years to raise rates as high as may be necessary to achieve its policies, but sometimes reluctant to let them fall again when the rise has done its job. Policy appears to swing between stable monetary growth and stable interest rates, and whenever this happens there is an *a priori* case for questioning policy.

If the February banking figures suggested some sea-change in the private credit market, an interval of pre-

cautionary tightness would be justified; for if private credit demand had in fact exploded, the funding requirement would itself have to be reassessed.

However, it is a little far-fetched to interpret the February figures which caused hardly a ripple in the markets, in this way.

### Trade disruption

The rise in bank lending almost certainly reflects the disruption of trade, especially international trade, during the transport strike. Goods held up in the docks had to be financed; and the nature of the lending—sharp rise in commercial bills—seems to confirm this interpretation. The growth of the money supply itself—slow during the first half of last year, but rapid since October—seems to reflect known faults in seasonal adjustment of tax reserve certificates as much as any real change.

Indeed, if monetary considerations were the only ones, it could be argued that somewhat lower interest rates would actually assist control. High rates tend to attract inflows; and although these flows have been checked by official action to reduce overnight rates while raising one- and three-month rates and by allowing the exchange rate to rise, policy is at the least frittering with a familiar dilemma.

Potential worries about fiscal policy may be better justified. When control over public sector pay has been partly surrendered to the academics, and the Price Commission seems free to block the achievement of nationalised industry targets, then the operation of cash limits may come under large and unpredictable strain, and it may prove difficult to trust projections of the borrowing requirement. A change of government might mean less doubt, but would entail more delay. All this argues for caution.

### Matter of habit

However, the link between doubts about the Budget and the need to keep interest rates high now is not a matter of logic, but of habit. It arises from the British system of funding, or fair-weather monetary control. As long as large funds can only be raised when interest rates are thought likely to fall, policy will be biased towards hyper-caution. A ship which cannot furl its sails when the wind gets up can never take safe advantage of fair weather; but that is an argument not for hyper-caution, but for further modification to the rigging.

## When clemency makes sense

**THERE SHOULD** be no doubt in the mind of General Zia ul-Haq, the President of Pakistan, as to what is now the correct decision to take over Mr Bhutto. The Supreme Court judges that heard his appeal against the death sentence were divided 4-3 in their judgment with the minority in favour of his acquittal. The main evidence against Mr Bhutto comes from one of his former officials who has turned State's evidence to secure his own acquittal. The charge against him is conspiracy to murder rather than murder itself. In its final review of the legal technicalities, the Supreme Court deliberately opened the door to an act of mercy by General Zia.

### Political

Irrespective of the legal rights and wrongs of the case, General Zia must be aware that his decision is fundamentally political not juridical. On any sober assessment, it would be against the interests of Pakistan to execute Mr Bhutto. It is because of this that General Zia has been under pressure from heads of state across the world to commute the death sentence to imprisonment. But above all to hang Mr Bhutto would be to hang a man who is still considered by many Pakistanis to be their legitimate Prime Minister and who in a further free election would certainly win a large proportion of the votes. To execute him would also be to carry out an irreversible act that could well set in train a pattern of reprisals and bloodshed that has so far been alien to Pakistan's history. On almost every count General Zia needs to show humanity now.

General Zia's hope since the military seized power in 1977 has apparently been that public opinion would slowly turn against Mr Bhutto. But though both his trial and the White Papers published on his years in government have revealed his numerous faults, he has retained much of his popular appeal. It is the army which

## THE ITALIAN CHEMICALS INDUSTRY

# A future clouded by crisis and subtle intrigue

SIG. PAOLO BAFFI  
... charges rejected

**T**HE PROTRACTED and dire crisis of the Italian chemical industry has taken a dramatic and unprecedented turn with the arrest of Sig. Mario Sarcinelli, a joint deputy director of the Bank of Italy, and the charges brought against Dr. Paolo Baffi, the highly respected governor of the central bank.

The two officials have been charged in connection with the inquiries opened some 18 months ago into allegedly irregular subsidised interest rates granted to SIR, Italy's third largest chemical conglomerate now threatened with collapse. Both Dr. Baffi and Sig. Sarcinelli have vigorously denied any irregularities on the part of the central bank and rejected charges of alleged complicity by allegedly failing to inform the judicial authorities about the findings of a central bank inquiry into subsidised loans made to SIR.

The decision of the magistrates has unleashed a storm which now threatens to produce severe domestic and international repercussions for Italy. The top management of the Bank of Italy has threatened to resign en bloc unless the charges are withdrawn and Sig. Sarcinelli is reinstated.

In the current climate of economic and political uncertainty—the arrest of Sig. Sarcinelli and the charges against Dr. Baffi are increasingly regarded here as possibly entailing backstage political manoeuvres.

During the last few months there has been growing controversy about a series of initiatives taken by the Italian judiciary.

Sig. Fabrizio Cicchitto, the economic spokesman of the Socialist Party, yesterday declared that Italy was in the throes of a revival of the so-called "Chemical war" of the late 1960 and early 1970s. The decisions of the magistrates at the weekend did indeed come at a time when a series of bitter feuds between powerful industrial, political and banking lobbies coupled with the mounting financial difficulties of Italy's major chemical companies seriously threaten the recovery of this key sector, which along with steel and telecommunications was conceived as a cornerstone of Italy's post-war industrialisation.

The dire problems of the chemical industry—the fruit of a combination of factors including the energy crisis, over ambitious and largely uncoordinated investment programmes, and brutal in-fighting between political factions and rival companies for control of the sector—have now reached crisis point.

Two of the four major Italian chemical groups, SIR with accumulated debts of more than £2,000m (about £1.2bn), and Liquigas with debts of some £1,000m, are on the verge of financial collapse. For more than a year many of their plants have either been idle or operating on a stop-and-go basis.

The largest conglomerate,

Montedison, employing some 130,000 people and with turnover in excess of £6,000m, continues to have debts of more than £3,000m and huge operating losses. Last year, the Montedison parent company reported a loss of £256m. The financial situation is equally desperate at Anic, the chemical group controlled by the state hydrocarbons agency, Ente Nazionale Idrocarburi (ENI), which has accumulated debts of £900m and reported a loss of £190m.

Many leading bankers admit that perhaps the banks, by financing the chemical companies, share some of the blame for the current crisis. But according to Sig. Giorgio Capponi, chairman of Istituto Mobiliare Italiano (IMI), Italy's largest medium-term credit institute which is now at the centre of a fierce controversy over the rescue of SIR, the responsibility for rescuing the troubled groups falls equally on the politicians, the industrialists and the bankers.

However, the complexity of the problem lies in the fact that the political forces in Italy are attempting to find a compromise alternative, a so-called "third way" to avoid either nationalisation or liquidation of the troubled companies. After the disappointing performance of the state sector, which originally was conceived as a way to combine the entrepreneurial drive of private enterprise with the social function of nationalised industry, even the Communist Party is now opposed to further nationalisation in Italy.

At the same time, immediate liquidation would clearly have enormous social and political repercussions since the chemical industry is concentrated mainly in southern areas where it effectively represents the only source of employment.

This is clearly reflected in the so-called "Italian chemical war" of the late 1960s and early 1970s, when the chemical companies and different political factions struggled for control of the sector and the lion's share of the substantial, low-interest regional subsidies offered for industrial ventures in the depressed south.

### HOW THE COMPANIES HAVE FARED

	1973	1974	1975	1976	1977
Sales	2,570	4,029	3,535	4,815	5,472
Profit (Loss)	33	123	(163)	(172)	(465)
Debt	1,824	2,133	2,775	3,162	3,430
SIR					
Sales	277	592	470	744	716*
Profit (Loss)	48	42	(22.1)	(70)	(247)*
Debt	1,044	1,476	2,115	2,408	2,547*
ANIC					
Sales	372	741	711	933	1,007
Profit (Loss)	4	7	(45)	(190)	(190)
Debt	493	532	683	775	899
LIGUIGAS					
Sales	79.2†	399‡	499†	769	784
Profit (Loss)	22.5‡	34.1‡	40.8‡	(23)	(69)
Debt	3,965	7,745	9,385	1,236	1,421

\*£m estimates  
†Net sales of Italian subsidiaries  
‡Gross profit  
\*As at end-August of the year

The difficulties besetting the rescue of SIR have been further exacerbated by the singular character of the chemical group itself, the judicial inquiries into loans granted to it, and uncertainties about the precise cost and economic viability of a

raw materials as the banks stopped further credits. Production at some of its plants gradually came to a standstill.

For its part, IMI has devised a recovery plan for SIR involving, among other things, a reduction in the company's original and over-ambitious investment programme. IMI proposes that some £175m should be spent by the banking consortium to complete about £1,000m of so far unfinished plants, while a further £650m of partly constructed plants—including a new refinery and a new steam-cracking plant at Porto Torres—are to be shelved for the time being at least.

SIR was the brainchild of the group's controversial and colourful chairman, Sig. Nino Rovelli, a chemical engineer who, from a fairly modest start, rapidly built the company into one of the country's major chemical concerns in a matter of some 20 years. With the support of a number of influential political circles, he concentrated his activities in Sardinia.

His main petrochemical complex in the north of Sardinia, at Porto Torres, accounts for as much as 80 per cent of SIR's present turnover of some £800m a year. It was created by Sig. Rovelli's ingenious use of low-interest state-subsidised fundings allocated for the industrial development of depressed southern regions and the islands. Porto Torres, in fact, is made up of some 30 different companies all effectively linked together.

Sig. Rovelli took advantage of legislation guaranteeing low interest rate subsidies for companies with a turnover of up to £6bn. When one plant, controlled by a separate company, was completed, he would subsequently use it as a guarantee to secure more funds to set up another plant integrated with the first one, but controlled by a new company. In so doing, he gradually built Porto Torres, which includes a 3m tonnes a year refinery and a steam cracking plant.

The banks would agree to a moratorium on all outstanding debts lacking in overall economic benefits. At Ottana, in central Sardinia, for example, both SIR and a joint venture between Montedison and Anic built similar synthetic fibres plants representing investments of more than £200m each. The region lacked infrastructure but was earmarked for industrialisation by the political authorities of the time, apparently to banish the high rate of banditry in the area.

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However, the complexity of the problem lies in the fact that the political forces in Italy are attempting to find a compromise alternative, a so-called "third way" to avoid either nationalisation or liquidation of the troubled companies. After the disappointing performance of the state sector, which originally was conceived as a way to combine the entrepreneurial drive of private enterprise with the social function of nationalised industry, even the Communist Party is now opposed to further nationalisation in Italy.

At the same time, both IMI and the other banks are reluctant to enter into a salvage operation without first obtaining firm financial contributions and facilities from the State to ease the burden of the banking system. Although legislation has been approved for direct State support through the so-called law for the financial and industrial reconstruction of the credit institutes, the groups of the main private shareholders of SIR's biggest rival, Montedison, also launched an ambitious investment programme and Liquigas was investing heavily in two plants, at Saline in Calabria and Augusta in Sicily, for the production of then-increasingly profitable secondary chemicals.

There are two schools of thought. A lobby of liberal economists at present enjoying considerable influence in the country, favours a clean break with the past whatever the cost; others advocating a long-term approach to try to resolve the current problems as smoothly as possible.

Behind all this, powerful political and industrial forces are manoeuvring. At a time of an apparent recovery in the chemical market, some of the companies could hope to gain from the removal from the Italian market of two of their main competitors.

While conventional wisdom would perhaps dictate a general closing of ranks by the entire banking system and the chemical groups, quite the reverse has tended to happen. With the latest Government crisis and now the sensational events of the weekend, the prospects of the Italian chemical industry look murkier than ever.

### Eye of the storm

In the case of SIR, which is at the eye of the current storm, IMI has painfully, and so far unsuccessfully, struggled for more than a year to set up a consortium. IMI itself has some £1,070m of outstanding credits with the chemical group and SIR's collapse would clearly have major repercussions on the medium-term credit institute.

One of the main difficulties IMI has faced has been to persuade the other creditor banks which are less exposed in SIR—including, among others, medium-term institutes like ICIPU and Credito Industriale Sardi and commercial banks like Banca Commerciale Italiana and Banca Popolare di Milano—to enter a consortium. This would inevitably involve further fundings by these banks for the group's salvation.

At the same time, both IMI and the other banks are reluctant to enter into a salvage operation without first obtaining firm financial contributions and facilities from the State to ease the burden of the banking system. Although legislation has been approved for direct State support through the so-called law for the financial and industrial reconstruction of the credit institutes, it has yet to be applied. In any event, the company is still arguing over the extent to which the State should support ailing companies.

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# FINANCIAL TIMES SURVEY

Tuesday March 27 1979

الجامعة

# GERMAN BANKING

Its close involvement with industry makes West Germany's banking system unique in the Western world. Criticism of this relationship is often voiced inside and outside the country, but for all that it is clear that it remains a powerful element in the Federal Republic's economic strength both at home and abroad.

ture to minimise the risk of a foreign takeover.

But all these problems are now forgotten and Germany's banks are once again going about their business in a supremely confident fashion. Without doubt Germany is now the world's second financial power and German banks are quickly adjusting to their new role. Although they came into international banking rather late in the game they are rapidly making up for lost time.

The number of German bank branches overseas has roughly doubled over the past five years and their business volume has more than trebled to over DM 60bn. Add in the Luxembourg operations (DM 25bn, say) and German banks control foreign assets of DM 145bn (£78bn). This is still small by comparison with the \$270bn of U.S. banks' foreign branches but it is growing rapidly.

The rise of the German banks is nowhere more obvious than in their position in the pecking order of the world's top banks. Back in 1970, Chase Manhattan, for example, was over three times the size of Deutsche Bank in dollar terms. Today it is considerably smaller and Deutsche Bank is not far behind Bank of America and Citibank in terms of asset size.

Stung

Finally, it is fair to say that German banks, perhaps stung by U.S. competition in their own backyard, have become much more professional internationally. Whereas they initially ventured overseas as members of various European banking "clubs" they now feel confident enough to go solo. Five years ago, when Dr. Sippel took over the reins at the troubled Hessische Landesbank, he was amazed to learn that the manager of his interna-

tional department could not speak anything but German. This is no longer the case and there is a growing number of German bankers that learned their craft in a UK accepting house or a Wall Street investment bank before returning to Germany.

One of the key reasons why German banks have been pushing abroad is the fact that for years they faced pretty sluggish domestic loan demand and tough competition from the publicly-owned banks. Overseas business offers higher growth potential and sometimes better return. To this extent they were following the example of the U.S. banks. However, the domestic side of the German banks' business has been particularly buoyant over the past year. The combination of the lowest interest rates since the start of the decade and a recovery in economic growth has done wonders for the banks' loan portfolios.

From the second quarter onwards of 1978 loan demand accelerated. For the year as a whole the banks' lending was up

by 28 per cent to DM 122bn. This compares with a small decline in the previous year. The biggest contributor to the growth was long-term lending which at DM 94bn was 36 per cent up on the previous year. Within the individual categories demand for house loans was particularly buoyant as was the demand for instalment finance.

In the first ten months of the year Deutsche Bank, for instance, reports that its average business volume was up by 18 per cent on the comparable period of last year. It noted a lively demand for personal loans and finance for car purchase. By contrast, loan demand by the big corporate customers was sluggish due to the generally high level of corporate liquidity. Other German banks report much the same sort of picture and while the increase in loan volume should boost earnings, margins have been squeezed. Deutsche Bank's earnings were only 6 per cent ahead in the first ten months of 1978.

Compared with the mid-1970s, the current outlook for the German banks is much healthier.

"gentleman's agreement" under which German banks have declared themselves willing to provide extra details about their Luxembourg operations is not felt to be sufficient. The fear is that German banks are storing up trouble for themselves by pushing so much of their foreign business through Luxembourg outside the scrutiny of the official German regulators.

In a country with 6,000 individual banks which actively compete with each other there are always going to be certain stresses and strains in the financial system. That is part of the price to be paid for a competitive and efficient banking system. The savings bank community is a good example. The average savings bank branch is virtually identical these days to the local branch of Deutsche Bank as regards the types of services offered. The Landesbanks, which are the central banks of the local savings banks in particular regions, have already developed into fully-fledged universal banks and instead of just serving their local land they now range across the country.

## Offices

In Frankfurt, the home of Hessische Landesbank, and Germany's de facto financial capital, Westdeutsche Landesbank and a handful of other Landesbanks maintain offices, ostensibly to do stock exchange business. But they could easily double up as American-style loan production offices. For the Landesbanks the old regional boundaries no longer have much relevance. They may still shy away from hanging up their nameplate on a rival Landesbank's doorstep, but

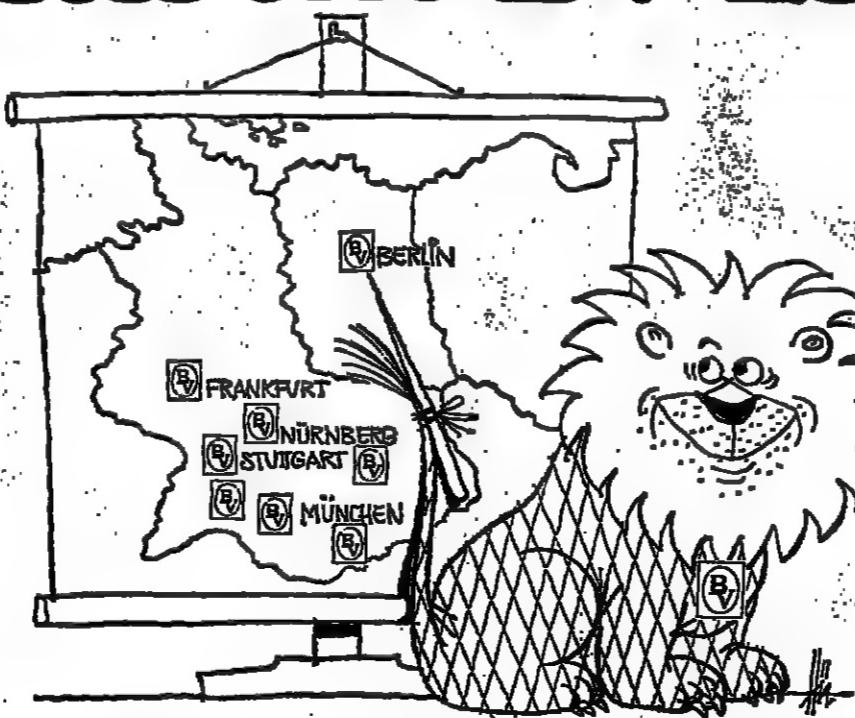
that does not prevent them drumming up business over the telephone.

Below the Landesbanks, at the savings bank level, there are also signs of change. One or two savings banks are very large indeed and are already carrying on foreign business and it must be only a matter of time before they want to go abroad. The Hamburger Sparkasse, for instance, has assets of \$6.3bn which puts it on a par with the Bank of New York. Indeed some of the savings banks have outgrown the Landesbanks and there is scope for further rationalisation here.

Competition for banking business is very fierce in Germany as the foreign banks have found out—their total balances have stagnated for the past three years. However, behind this competitive facade there are signs that despite the banking crisis of the mid-1970s the old ways linger on. The doyen of the post-war German banking scene, Deutsche Bank's Herr Hermann Aba, still rovers in the background, and despite their modest market share the Big Three commercial banks still seem to have an uncanny hold over their industrial customers. A situation such as the British banks' desertion of Rolls-Royce in its hour of need would never have been allowed to happen in Germany.

German banks see themselves as the "leaders of the entrepreneurial spirit of the nation" as one commentator put it. Their close ties with industry leads to all sorts of potential conflicts of interest, the slightest hint of which would make an American banker run for his nearest lawyer. But it is hard to think of a system that would work much better in Germany.

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d to believe today that v years ago the German community was shaken by a series of major The sharp rise in the e, the collapse of L. D. Herstatt and the lapse of Hessische bank led to much soul-in Germany.

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German authorities salt in the bankers' by setting up a com-  
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## GERMAN BANKING II

Focus on Hessische Landesbank - Girozentrale -

## "Half of Germany's top 10 banks are Frankfurt-based. We're one of them."

Let's start with Frankfurt. Why is Frankfurt so important?

"Frankfurt ranks among the world's foremost banking and financial centers. 150 German banking institutions operate here, and Frankfurt has 174 international banks, more than any other city in Continental Europe."

The Bundesbank is headquartered here, and the Frankfurt Stock Exchange is Germany's largest, accounting for nearly half of the stock exchange transactions. 64 per cent of dealings in foreign shares and 80 per cent of the business in foreign fixed-interest securities.

Perhaps less well known internationally is that Hessische Landesbank is one of Frankfurt's big native-born banks. Half of Germany's top 10 banks are Frankfurt-based. We're one of them."

Now about the bank itself. What's its size and structure?

"Hessische Landesbank is Germany's 9th largest bank, 3rd among Landesbanks. As a government-backed regional bank, our liabilities are guaranteed jointly by the State of Hesse and its Sparkassen and Giro Association. We also act as banker to the State of Hesse, from which our name is derived, and perform clearing functions for the 52 regional Sparkassen."



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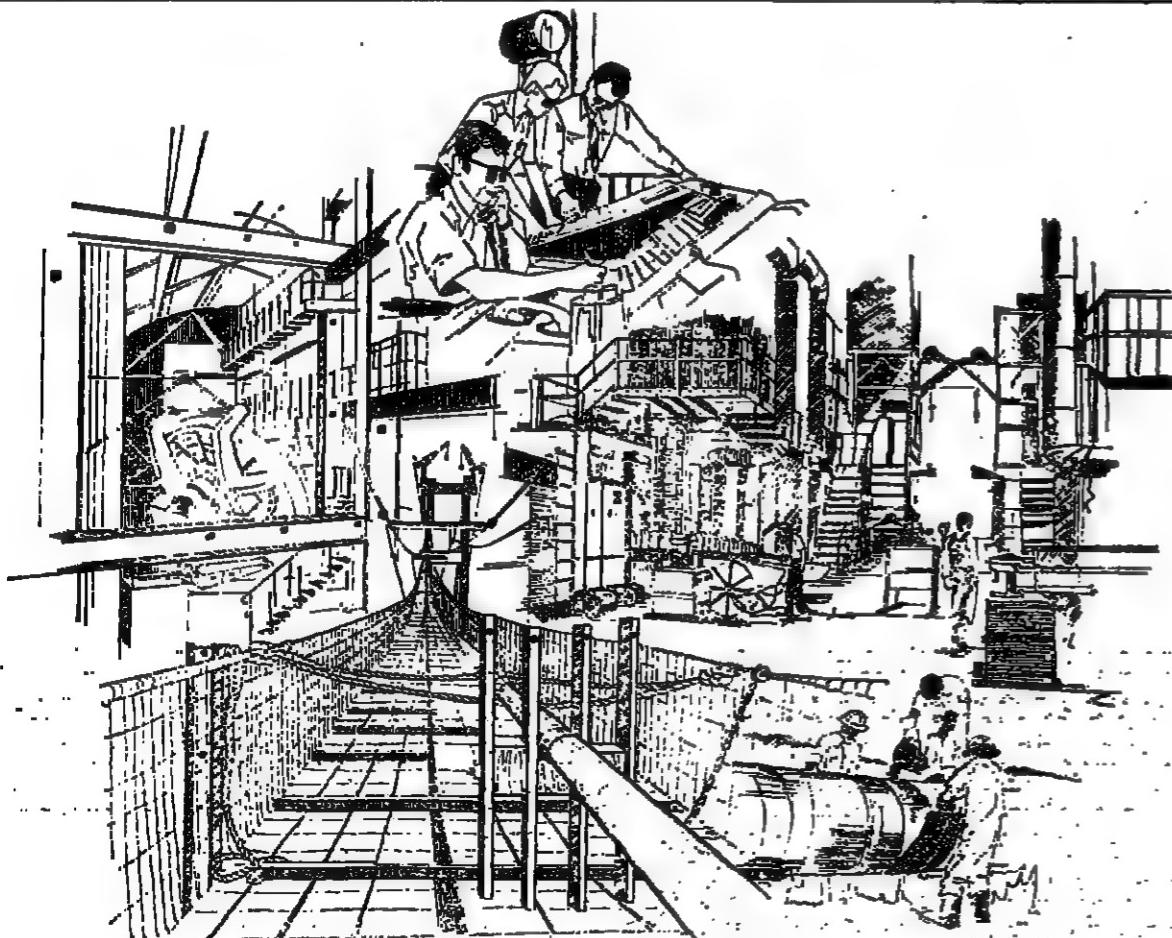
"We concentrate on wholesale banking and medium to long-term fixed-rate DM lending. As a German universal bank, our facilities cover the full range of commercial and investment banking services. Because we don't operate a branch network, we can devote our time and energy to wholesale banking activities."

In recent years we have strengthened our participation in international issues. And we provide comprehensive investment management and brokerage services, including securities trading. Our membership of the Frankfurt Stock Exchange facilitates dealing in quoted shares and fixed-interest securities."

### And sources of funds?

"A large part of our funding is done by issuing bearer bonds and SD Certificates (Schuldschein-darlehen). The total in circulation is about DM 20 billion."

## Helaba Frankfurt Hessische Landesbank - Girozentrale



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vides funds on behalf of the Federal Republic of Germany for development projects around the globe.

Of total loans of about DM 10.1 billion granted in 1978 some DM 6.3 billion were allocated for domestic investment and some DM 3.7 billion for export financing, other forms of external lending

and capital aid loans. 60 per cent of all credits were financed from own resources and from funds raised in the capital market (bonds and debt certificates), while 40 per cent originated from public funds.

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## Private banks still a force

IT IS easy for the foreigner to underestimate the importance of the West German private banks. Their numbers, on paper at least, have diminished drastically during recent years and doubts have often been expressed in public and private about their future.

The Bundesbank's February report showed that in December last some 96 private banks were reporting to it on their activities. This compares with 114 a couple of years ago—and this figure is much reduced since the heyday of the 1950s.

In terms of business volume most of the banks are very small. Provisional Bundesbank figures for December last show that the private bank's total business volume at that time amounted to DM 32.89bn—a mere drop in the ocean when compared with a total business volume for all bank groups of DM 1,983.34bn.

But as far as the private banks are concerned, to make a judgment based on business volume or total assets would be totally false. While they may give an indication of the comparative strength of a major commercial bank or Landesbank, the nature of a private bank's business is totally different.

With the best of the private banks—merchant banks in London terms if you wish—the really lucrative business does not show up in the balance sheet. What is true of the London merchant banks is also true of their German counterparts.

A leading German private banker, handing me his annual report, said recently: "If you believe that this will give you an accurate picture of our business, we must be in a very bad way."

He was right. Advisory and consultancy work, the assembly of tailor-made financing packages, stock and bond market trading and portfolio management, not to mention specialised foreign exchange services, were his real money earners.

### Discretion

Banking is of course a business which puts a high value on discretion, and that German merchant banks are particularly coy when it comes to talking in figures about their own businesses. The obligation to publish their balance sheets—though for most not their profit figures—was introduced only a few years ago and the reports are not particularly informative.

Even those who give Press conferences to explain the annual reports do so reluctantly.

One of the leading private banks recently admitted that the only reason they did was because they were urged by the Bankers' Association to do so. The best of the Press conferences are more noted for witty ripostes than for information.

One banker, for instance, when asked the size of the bank's hidden reserves (known to be very large) replied: "If I told you what they wouldn't be hidden, would they?" Another, asked why his bank was steering clients into a different part of the U.S. from those recommended by the major commercial banks, said: "Oh, I am sure they are much more shrewd than us."

Such replies indicate a confidence that belies the shrinking number of banks in the sector still open for business. The best merchant banks in the field have every reason to predict a prosperous future for themselves. They offer companies specialist services that the major commercial banks lack—the flexibility, or in some cases the experience, to provide.

While by no means all leading private banks have long lineages, several are among the oldest in Europe. Berenberg in Hamburg, for instance, was founded in the late 16th century, while Bankhaus Metzler in Frankfurt, founded in 1674, has remained exclusively in family hands for just over three centuries.

The collapses were few, but a number of proud and ancient names were forced into seeking partners among the banks in order to avoid financial difficulties resulting from unwise expansion or unprofitable ventures.

### Crash

These, together with spectacular crash of the Herstatt bank in mid-1974, did little to improve the private banking sector's image. A very senior banker was once heard to growl that the sooner the private banks went out of existence the better.

Even before the words were uttered private banks had been closing at a substantial rate. But many of these were not so much banks as private individuals managing their personal fortunes along banking lines. It was the evolution of the taxation system rather than anything else that altered the balance of advantage in this system that led to these closures.

Today the leading private banks appear to be doing very well and the loss of confidence

which resulted from the Herstatt collapse appears to be all but forgotten. Despite this, competition for prime clients of tough and a further thinning of the sector's weaker brethren is likely.

The banks that seem to be having the heaviest going are the small private banks—often very old—located away from the main industrial concentrations. The services that they have been offering have usually been unsophisticated and the combined assault of the savings banks, the co-operatives and the commercial banks have eroded their customer base.

But the strong are not only holding their own at home; they are also seeing foreign business expand—not only for German clients but for foreigners as well. It was a German private bank that advised on the first Kuwaiti loan to the German Democratic Republic (DDR—East Germany) and the same bank was the advisor on the first ever joint venture in third countries between a CDR enterprise and a British company.

Guy Hawtin

Frankfurt Correspondent

## Landesbanks look abroad

### LANDESBANKS PERFORMANCE

#### THE BIG THREE LANDESBANKS—1977

	Size	Capital & reserves	Net profits	Transfer to reserves	Available for distribution
	DM bn	DM m	DM m	DM m	DM m
WestLB	75.1	1,060	125.8	50.0	45.8
Bayerische	58.3	1,527	146.2	99.0	47.3
Hessische	42.6	371	63.0	63.0	63.0

#### THE BIG THREE COMMERCIAL BANKS\*

	Deutsche	Dresdner	Commerz
Size	78.6	3,480	252.8
Capital & reserves	3,480	2,484	303
Net profits	176.0	50.0	142.0
Transfer to reserves	50.0	50.0	50.0
Available for distribution	172.8	142.0	142.0

\* Parent Banks only.

BACK IN 1960 the assets of Germany's small army of savings banks were nearly four times as big as those of the rival co-operative banks. Today they are only slightly more than double.

However, while the local savings banks have been losing

their market share, their larger

partners, the Landesbanks, have

been increasing their share of

both the domestic and interna-

tional markets. The names of

Westdeutsche Landesbank and

Bayerische Landesbank are now

very well known outside

Germany and even much smaller

banks, such as the Badische

Kommunale Landesbank from

Mannheim, are actively promot-

ing themselves internationally.

Westdeutsche Landesbank

(WestLB) now reckons that

nearly 30 per cent of its earn-

ings are coming from overseas,

which puts it on a par with

major UK banks such as

National Westminster and

Midland. Although the abrupt

departure of Dr. Ludwig

Poullain, WestLB's chief

executive, at the end of 1977

caused some uncertainty in

the short term about its future

course, the bank has continued

to expand its international busi-

ness. Its high position in the

league tables of lead managers

in the Euromarkets in 1978

testifies that this side of its busi-

ness, at least, has not suffered.

Dr. Poullain's rather flam-

boyant leadership has been

replaced by the more conser-

vative style of his successor, Dr.

Völling. He is backed up by Dr.

Trippen, a long-time

savings banker who looks after

the domestic side, and Dr.

Walter Seipp, who was brought

in from Deutsche Bank in 1974

to run the international opera-

tion.

Last year WestLB's business

grew by around 13 per cent,

little different from the previous year's rate. Bayerische Landesbank, its closest rival, grew by

14 per cent and the latter can

fairly claim to be the most

profitable of the big Landes-

banks.

Unlike most other Landes-

banks, Bayerische Landesbank

has managed to steer clear of

the pitfalls of the foreign

exchange and property mar-

kets. Headed by Dr. Ludwig Huber,

a former Bavarian Finance

Minister, it has approached its

expansion in a more conserva-

tive way. It has built up its

international lending under Dr.

Peter Lins, another ex-

Deutsche Bank man, but its

main business is to finance

Germany's foreign trade—

considerably less risky pastime

than lending Eurodollars to

## GERMAN BANKING III

## A well-run central bank

جامعة الملك عبد الله

**W**HAT the European Monetary System (EMS) is for us, it is no longer premature to think about prospects for a European central bank.

He could do worse than take the Deutsche Bundesbank as a model. It is the central bank of a working federal system, has been relatively (many Germans would say highly) successful in defending the value of the German currency—it is to a large measure independent of politicians. It would be argued that the two points have much to do with one another—and that the European Community would profit from an independent institution of a similar kind, not right away but in the foreseeable future.

The Bundesbank's special tasks and powers are laid down in the Deutsche Bundesbank

Act of July 26, 1957. This makes it clear that the central bank is called on to support the Government's general economic policy as long as, and to the extent that, this action is consistent with the first duty of safeguarding the currency.

It is bluntly stated that "in exercising the powers conferred upon it by this Act [the Bundesbank] shall be independent of government."

These powers are wide-ranging. The Bundesbank not only issues bank notes but has responsibility for policies on discount and Lombard rates, credit, deposits, open market operations, and minimum reserves. According to the Act the Bundesbank "shall advise the Federal Government on monetary policy matters of major importance." The wording is important. As the central bank itself is pointedly noted: "It is not without good

reason that such advice was not made dependent on an explicit request, for otherwise it might be possible to prevent the Bundesbank from giving undesired advice by not requesting it."

Government members have the right to take part in discussions of the Central Bank Council, the Bundesbank's top decision-making body, but they cannot vote there. They can request postponement of a decision for two weeks—but cannot stop it being made. They can of course criticise a decision—and recently, but unusually, did so publicly. Otherwise their action when faced by what they feel to be an unhelpful Bundesbank attitude must be largely limited to gnashing their teeth.

It can safely be said that there was much gnashing of teeth in Bonn last year over some aspects of the Bundesbank's attitude to the EMS. But it would be wrong simply to portray Chancellor Helmut Schmidt as the irresistible force on the EMS and the Bundesbank President, Dr. Otmar Emminger, as the immovable object. A triangle of power was involved on the crucial issue of EMS structure and central bank intervention obligations, with the third side formed by the French. In the end it was the French who gave way faced with a Chancellor who could argue that the independent Bundesbank would not accept the formula Paris wanted.

Members of the Bundesbank directorate, who form one part of the Central Bank Council, are appointed on the proposal of the Federal Government. But the other members of the council are made up of the presidents of the central banks of the Laender (the provincial States). They are appointed on the proposal of the Bundesrat—the Federal Upper House of Parliament which is dominated by the parties which form the opposition in Bonn.

These are just a few of the questions that now surround the future role of the Landesbanks. In the past decade they have been tremendously successful in shaking off their old ways and the best of them now compete on a par with the world's top banks. But, in some cases, they still need to rethink their role and structure in the financial system context.

If July 1957, is the first key



The Deutsche Bundesbank headquarters in Frankfurt

date in Bundesbank history, it would be fair to give March, 1961, as the second. It was then that the Deutsche Mark was revalued for the first time against all other currencies. As Dr. Emminger has pointed out, the step formally acknowledged the priority of domestic price stability over fixity of exchange rates.

How great has this price stability really been? Compared with the performance in almost all countries, the German achievement has been outstanding. But in domestic German terms the trend is disturbing.

In the 1950s the average annual rate of West German price increases was 11 per cent,

in the 1960s 2.4 per cent and between 1970 and 1977 5.3 per cent. Last year was a good one, but the trend in 1979 seems to be upwards again.

It would be absurd to lay responsibility for this development solely at the door of the central bank. On the contrary, where the Bundesbank has had a real chance to control events it has generally done an outstanding job. But it has been trying to defend the value of the currency in a world where

international measures alone cannot suffice.

In the 1960s and early 1970s West Germany inevitably suffered like others from the operation of what the former Bundesbank President, Dr. Karl Blessing, called "the perfect inflation machine." Under the regime of fixed exchange rates, surplus countries like Germany were forced by inflows of foreign exchange to increase the money supply, although there was no corresponding cut in the money stock of the U.S., the main deficit country.

The transition to floating rates eased the problem—but did not solve it as some had hoped it would. The dollar remained—and remains—by far the most important world reserve asset. Other nations have little alternative but to hold dollars and to hope that the U.S. will be successful in creating the fundamental economic conditions. Notably a big cut in its current account deficit, which will stabilise its currency.

The Bundesbank and the West German Government mean it when they say they want to see a stable dollar. The Bundesbank has double grounds to be in earnest. Not only is it obliged to intervene to smooth the erratic,

but downward, trend of the dol-

lar, thus contributing to undermining the domestic money supply target and feeding inflation; it must also write down the value of its monetary reserves because each year the dollar component, despite intervention, is worth less. Last year the write-down (including dollars gained in previous years) totalled DM 1.6bn; in 1977 it was DM 7.8bn.

Bundesbank and Government

have co-operated fully with the efforts of the U.S. Administration, in particular those of last November, to try to stabilise the U.S. currency. For a time the latest efforts seem to have had success. But they are being applied against the background of a greatly increased West German current account surplus in 1978, of rising German interest rates this year and of an increasing move into the D-mark, not simply of short-term speculative funds but of long-term capital.

The West Germans firmly do not want the D-mark's position as a reserve currency to grow (it already accounts for between eight and 10 per cent of official world monetary reserves alone). But they face an acute dilemma. The very success of their economic and monetary policies, including the

partial victory over inflation, is very long way from fulfilling that role at present. But it is intended eventually to establish a European Monetary Fund, one of whose tasks, as suggested by the former Governor of the Bank of Italy, Sig. Guido Carli, could be to buy dollars against creation of ECU. The central banks of the member States—including the Bundesbank—could thus be spared the need to expand their monetary base through an increase in dollar reserves.

This idea raises a host of problems. But it is used here to illustrate that the Bundesbank is up against a problem which appears solvable only through an international, co-operative effort. This is not really new. International pressures have long been forcing an ever greater degree of consultation and co-operation on national central banks. If the EMS is to be viable, it must mean ever closer harmonisation by its members in economic and monetary performance. It is fair to suppose that the point will be reached where a European central bank will seem no longer to be a castle in the air but a desirable next stage of development.

Jonathan Carr

## Landesbanks

CONTINUED FROM PREVIOUS PAGE

one of the key areas is their owners with their shareholders. How can the Landesbanks reconcile their ambitions to become big international banks with their responsibilities to serving local communities and savings banks? Admittedly local savings banks need national outlets if they are to serve their clients properly, the angry political reaction against the decision to buy an office site in London's gate without first consulting the bank's shareholders is a classic example of the strained ones that sometimes lurk beneath the surface.

problems at Hessische-LB—over DM 2bn—would likely have bankrupted a small bank. But with the help of the local savings and the State of Hesse it has mostly recovered, thus lining the resilience of the banks generally. Internal bankers have short memories and the problems of Hesse and WestLB will be soon forgotten, if not already. At least in international banking these days financial institutions and the Landesbanks are not quite as independent as they claim con-

tinue. And even if they are independent, do politicians make the best supervisors?

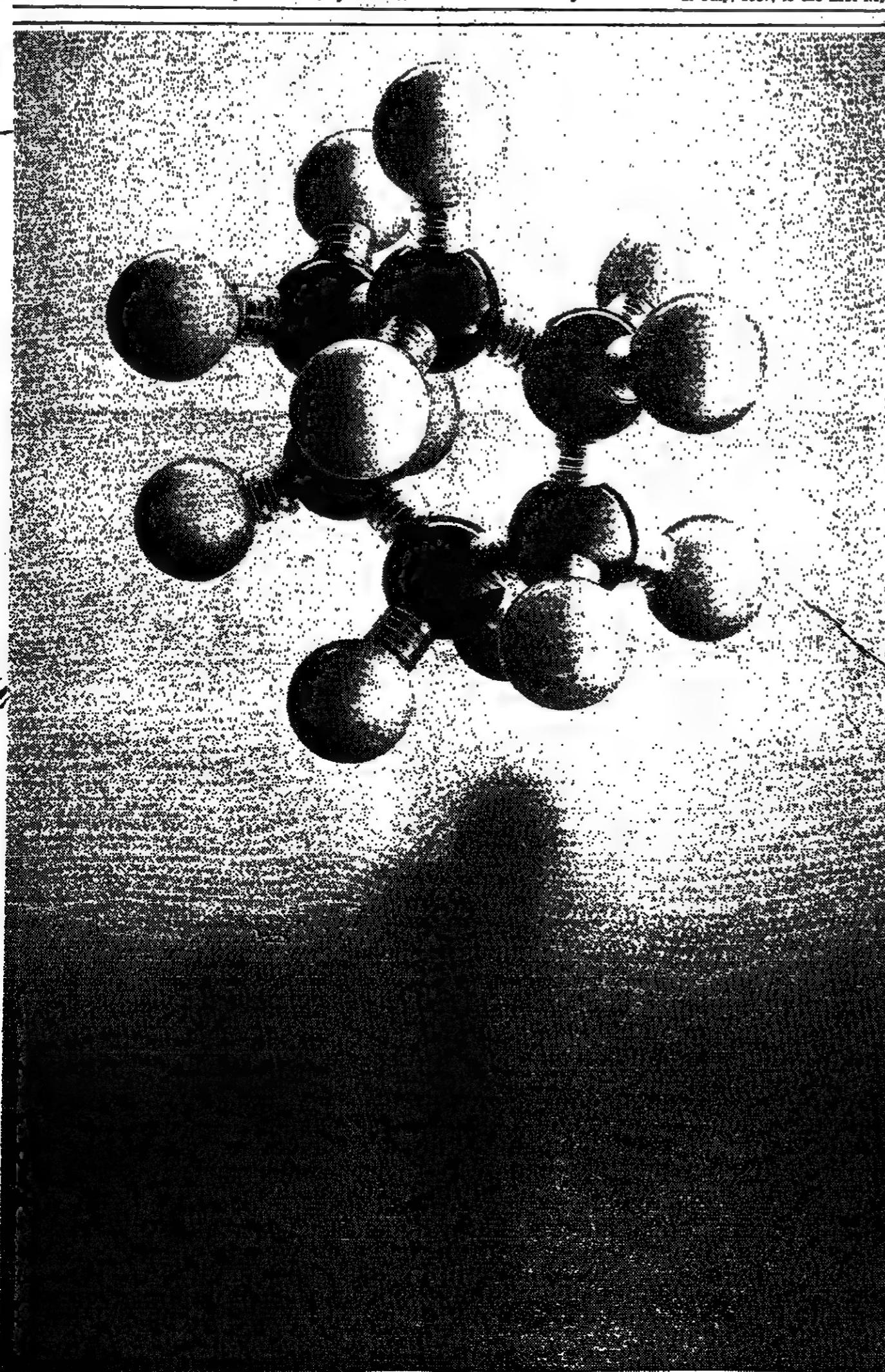
The problems at Hessische-LB also underlined the weaknesses in the current structure of ownership. Because of the sheer size of the losses the local savings banks were just not able to meet their obligations as guarantors. The solution was to bring in other savings banks from outside the State of Hesse to help foot the bill. But would they be prepared to help a second time? Some bankers have suggested that the Landesbanks should be turned into public stock companies.

This would limit the liability of the shareholders, would also reduce the local State's responsibilities and probably reduce its interference in the internal affairs of the bank.

Another area of debate concerns the supervision and legal structure of the Landesbanks. Should they be as dependent as they seem to be on the whims of politicians? Senior managers insist that they have a large measure of independence but this claim would hold more water if the State appointed leading business personalities rather than politicians to the Boards of the Landesbanks.

Since the debacle at Hessische-LB—where the chief executive was traditionally a non-banker—matters have improved. Nevertheless the suspicions that the Landesbanks are not quite as

Guy Hawtin



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## GERMAN BANKING IV

## Commercial banks face competition

STATISTICS, say some, never lie. If this is the case then the entire sector, but the lion's share of it.

Statistics are only half the story, however, and, despite the public sector's power on paper, the industry's mightiest son remains the commercial sector. The commercial banks are the leaders in virtually every field except local branch banking, the savings business and building loans.

The reason for this is West Germany's universal banking system, which, unlike those of Britain and the U.S., does not separate deposit and investment banking functions. While most banks in the public and co-operative sectors are free to take advantage of many of the system's opportunities, their charters have tended to restrict them to lower risk business.

In contrast, the country's six big commercial banks, the private banks and the private mortgage banks, with 53 foreign bank branches thrown in for good measure, produced a combined business volume of only

DM 446bn. Again this is not the entire sector, but the lion's share of it.

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In recent years there has been a growing challenge from the public authority banks and the co-operatives, but the commercial banks have never been

inhibited from exploiting the system to the full. With the founding of the Second Reich at the end of the Franco-Prussian War, the commercial banks were given the duty of virtually creating the economic base of the new Germany and this—despite the havoc of two world wars—has given them a considerable advantage.

The universal banking system enables them to offer the complete range of banking services under one roof—a fact fraught with contradictions from the Anglo-Saxon viewpoint. For instance, they dominate the country's stock exchanges, both as stockbrokers and investors. They act as investment advisers and at the same time own investment trusts as well as managing portfolios on behalf of the public.

But for the foreign observer, perhaps their most awe-inspiring involvement is with industry. Not only are they a main source of industrial credit;

they are major industrialists in their own right. Not only do they own huge tranches of shares in their own right; they also regard it as their duty to vote on behalf of the shares deposited with them by customers.

## Instructive

"Three" commercial banks—Deutsche Bank, Dresdner Bank and Commerzbank—on the affairs of industry is truly instructive.

A finance director of a leading industrial group once told me: "It would be a foolish industrialist who wholly ignored his bankers' advice. Indeed, much of it is invaluable. Not only that, the advantages of our system is that one is guaranteed financial back-up during the downturns when one most needs it. It allows for a continuity of business policy that would be impossible under other circumstances."

Critics both at home and abroad claim that the commercial bank's industrial holdings, coupled with the "house bank" system which closely ties a company and its bankers, makes for virtually no competition in the corporate lending market. While corporate financial chiefs point out that they often play the banks off against each other, most would be prepared to

agree that competition is by no means as fierce as in Britain or the U.S.

There are many in Germany, however, who argue that without the universal system, and the commercial banks that form its backbone, there would have been no "economic miracle." Recovery would have been much slower if the banks had been unable to take participations in an industry stripped of both funds and much of its production capacity.

Indeed it is fair to claim that the industrial engagement was not actively sought, but rudely thrust on them. Many holdings were accumulated during the collapses which followed the two world wars, when shares lodged with them as security on loans were not worth the paper they were written on.

The banks' active role in rebuilding companies in those days have served them well in the days of post-war prosperity.

Rescue bids have provided other large tranches of shares when the banks were the only investors prepared to subscribe to capital increases on terms which, at the time, could only be described as unfavourable.

Without the universal banking system, and the security it provides from a wide variety of profit centres, the growth of the commercial banks would have been much slower. The "Big Three" commercial banks are now near the top of the world league and, from a late start in the mid-60s, have become major forces in world banking.

The rise in the value of the Deutsche Mark against the other main trading currencies has certainly played a part in this. But the earnings derived from the diversity of their home operations have provided them with the wherewithal to build up strong overseas networks of branches, representative offices and correspondents in a remarkably short time.

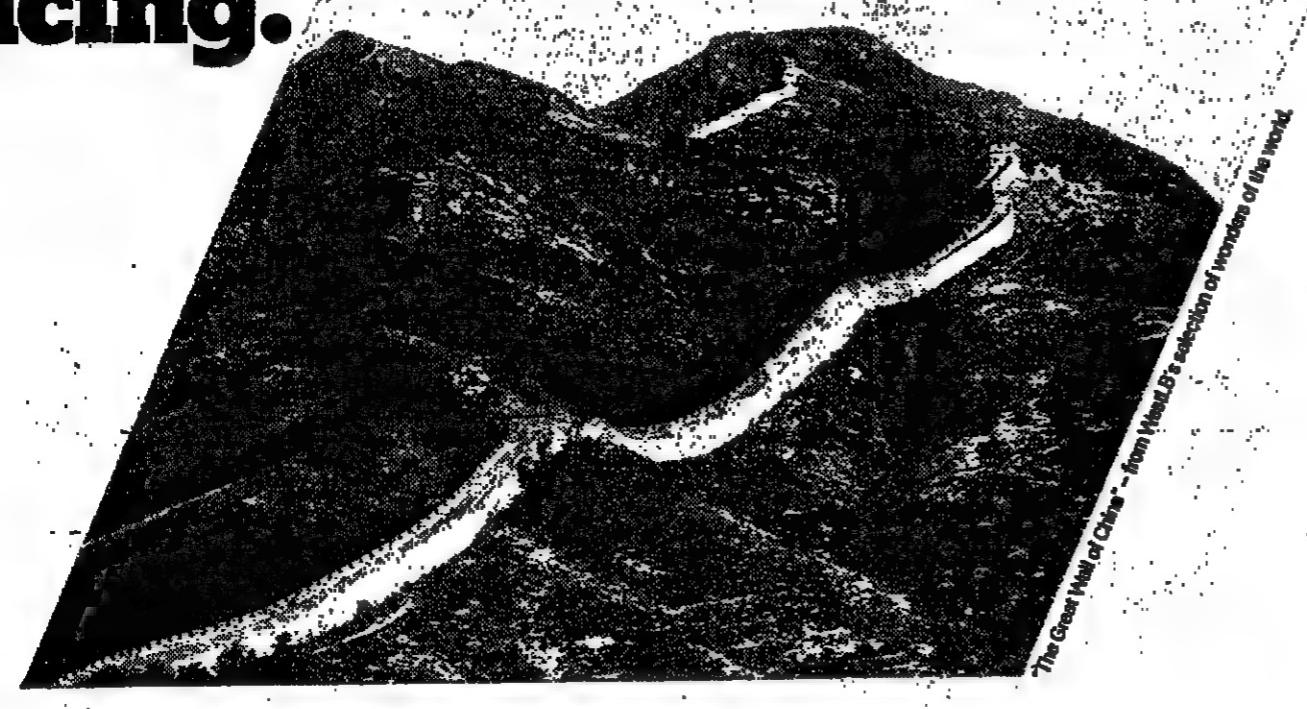
## GROWTH IN BUSINESS VOLUME

	Size	1960-70	1970-73	end 1973	Banks	Offices
Institution	%	%	DM bn	(No.)	(No.)	
Co-op banks	50	217	200	4,988	19,373	22
Private mortgage	260	207	166	14	22	22
Foreign banks	192	35	51	51	52	52
Central co-ops	342	170	84	11	32	32
Landesbanks	250	159	328	12	349	349
Big Three banks	189	150	210	6*	3,047	3,047
Regional banks	234	150	218	109	2,537	2,537
Instalment Finance	140	147	23	123	594	594
Postal Giro	157	142	28	18	18	18
Savings banks	233	131	423	632	17,020	17,020
Private banks	200	80	33	97	333	333
Specialist banks	167	78	124	17	48	48
Public mortgage	114	53	95	26	47	47
All banks	224	143	1,988	5,937	37,704	37,704

Source: Bundesbank monthly reports.

\* Includes Berlin subsidiaries.

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THE POWER OF THE SPARKASSEN AND VOLKSANKEN

	Savings	Assets	Deposits	Long-term	Banks	Offices
	DM bn	DM bn	DM bn	loans	(No.)	(No.)
Savings banks	433	246	216	622	17,020	17,020
Landesbanks	320	4	186	11	52	52
Credit co-ops	200	118	86	4,866	19,373	19,373
Private co-ops	84	—	—	10	349	349
Total	1,043	385	478	5,461	36,824	36,824
As a % of banking system	52.5	77.7	52.1	90.9	84.2	84.2
Over one year						

Source: Monthly report of the Deutsche Bundesbank

It very difficult to borrow money to pay their bills before harvest time. So he set up a network of agricultural credit co-operatives which became known as "Raiffeisen". The first opened for business in 1865 in Niedwitz.

At roughly the same time Herman Schulze-Delitzsch (1808-83), an economist, conceived the idea of establishing urban credit co-operatives for the workers. These grew up in parallel, based on much the same principles as the agricultural Raiffeisen. The only difference was that they tended to be based in the urban areas and were known as Volksbanken.

The German savings bank movement, however, really got off the ground when the local municipal authorities began to encourage local savings—the first such bank to be formed was in Göttingen in 1801. Although they did lend money the main reason why the banks were set up initially was to encourage local thriftiness.

By contrast the co-operative banks in Germany were started for a completely different reason some 60 years later. They had their roots in the agricultural community. Friedrich Wilhelm Raiffeisen (1818-83) saw that farmers were finding

Germany's savings banks organisation is a formidable force both in Germany and Europe. Westdeutsche Landesbank, the biggest Girozentrale, has assets of \$39bn, making it the third largest bank in Germany and the 13th largest in the world. The largest individual savings bank, the Hamburger Sparkasse, has assets of \$6.3bn which makes it nearly twice as large as the Bank of Scotland and puts it on a par with better known names such as the Bank of New York or the National Bank of Australia. There is roughly one savings bank branch for every 3,500 inhabitants in Germany and there are 63m savings accounts—more than the entire population of Germany. The savings banks account for over half of the country's savings deposits and financed more than half of all new homes in 1977.

Add in the cooperative banks, which are effectively savings banks, and the figures are even more impressive. There are 4,800 local cooperative banks and 19,400 local offices—the most extensive banking network in all Europe. Altogether, the savings banks and the cooperatives account for over half of all German bank assets; over three quarters of all savings deposits and over 80 per cent of the country's bank branches.

G.H.

## Barrier

Originally the savings banks and Sparkassen were open to everybody, whereas the mutual credit cooperatives only served their own members of which there are over 8m. However, with time this barrier has broken down, the agricultural cooperatives and the urban cooperative banks have moved closer together, and there is virtually no difference these days between the services offered by the savings banks and the cooperative banks.

The latter are owned by their members, while the savings banks are normally owned by the local municipalities.

By contrast the co-operative banks in Germany were started for a completely different reason some 60 years later. They had their roots in the agricultural community. Friedrich Wilhelm Raiffeisen (1818-83)

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G.H.

## GERMAN BANKING V

# Co-operative banks set the pace

local co-operative best Germany continues the fastest growing financial system offices throughout they have far and most extensive bank. Throughout the 1970s they have steadily eaten into banks' market share. At the end of 1978 the banks as a whole assets of DM 270m and whereas they remain rooted among agricultural and communities they now full range of bank.

A local branch indistinguishable from a local branch of bank, for example, a house mortgages, city and the larger are the Frankfurters members of the

Landesbanks and in general, the banks were rather on the international scene. And whereas Landesbanks has been in its own cooperative banks have their international in the Deutsche Bank—DG Bank as bank of the banking system weight of the banks behind it is nearly half its DG Bank has made quickly felt by its pursuit of internationality. In a relatively short overseas, DG transformed itself five years. It had been in Luxembourg the prime mover in the London and

Frankfurt, London and Paris branches. DG Bank has made quickly felt by its pursuit of internationality. In a relatively short overseas, DG transformed itself five years. It had been in Luxembourg the prime mover in the London and

international Banks

Size	Savings deposits
136.8	57.4
154.9	97.9
174.1	110.8
186.2	122.0
223.3	133.7
<b>Bundesbank</b>	

In the short term at least, DG Bank's aggressive pursuit of business is being done at the expense of profits. As the accompanying table shows, its profit record to date has been very patchy and the bank has had to rely on two outside in-

terestingly successful in

the chagrin of some of DG Bank's international competitors.

In many ways DG Bank is suffering from some of the problems that confronted the Landesbanks when they first started to move abroad. There is a certain amount of trial and error. So far it appears to have been reasonably successful in

Continental Bankers, in the early 1970s. But its real growth followed the enactment of the DG Bank Law which became effective on January 1, 1976. This reduced its tax privileges but at the same time allowed it to do a much wider range of business. DG Bank did not waste time taking advantage.

In a couple of years it had opened branches in New York and the Cayman Islands, an agency in Los Angeles, finance companies in Hong Kong and Amsterdam, a rep. office in Rio de Janeiro and a wholly owned Luxembourg operation in addition to its joint venture. It has taken stakes in a variety of other joint ventures such as Frankfurt, Budapest Bank and Europäischer Genossenschaftsbanken in Zurich.

## Active

DG Bank has followed this up by pursuing a much more active role recently in the Euro-markets. Whereas it used to be the Westdeutsche Landesbank that was being accused of pushing down spreads on Euroloans, rival bankers are now aiming these accusations at DG Bank. The bank's international side, headed by a former Dresdner Bank executive, Herr Günther Schmidt-Weyland, has chased after new business and has become a very active manager and participant.

Its largest loan to date—for Electrobras, the Brazilian utility—underlines its aggressive posture. DG won the mandate under fierce competition and has syndicated the \$40m 15-year tranche at a spread of 11 per cent over Libor and the \$360m tranches of 12-year money at spreads of 1 of 1 per cent for the first six years and rising slightly thereafter. This broke new grounds for the sort of terms Brazilian borrowers can expect in the international markets, much to the chagrin of some of DG Bank's international competitors.

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the chagrin of some of DG Bank's international competitors.

Another Frankfurt banker suggested that one of the reasons for the foreign banks' relatively dim performance here is a lack of initiative. "You cannot come to a foreign country and expect to find things just the way they are at home. The universal banking system offers a great deal of scope to everybody prepared to take advantage of it. The foreign bankers' opportunities may be more limited than ours, often by their own domestic regulations, but nevertheless there are still plenty of chances for the resourceful."

Corporate finance executives see it rather differently. A number I have spoken to seem to agree that the usual choice of a German bank over a foreign one is a matter of prudence. German banks, runs the argument, tend to understand the needs of German industry rather better than the foreigners.

**Vagaries**

This is not a simple matter of chauvinism. German companies because of their relative independence of the vagaries of the stock market, frequently express the belief that they are able to take a longer term approach to business development and planning than many of their counterparts in other countries.

Continuity and stability tend to take a higher priority in the German corporate scheme of things than short-term financial advantage. The impression one gets is that continuity is more likely to be provided by a domestic bank firmly based on good German soil than from the branch, or even the headquarters of a bank based abroad, and subject to policy changes made by a management for whom the interests of a foreign company are worthy of only minor consideration.

This does not alter the belief of many foreign bankers that the major German banks are not above abusing the universal banking system to cut out competitors. Occasionally one hears examples of alleged abuses but firm evidence is very hard come by.

A leading Frankfurt banker said sometime ago: "In theory it is easy to abuse the system, but in practice it would be dan-

gerous for us to do so. In banking, a reputation for integrity is vital. There has to be a bond of trust between banker and client. It would be commercial disaster to be caught abusing it."

Foreign bankers frequently claim that the reason for this is strong arm tactics by the West German banks. "These guys are under pressure," said an American banker of German corporate finance chiefs. "Sure they would like to take advantage of a really competitive package, but when the house bank—which is probably a shareholder anyway—says 'no,' that is the end of it."

Corporate finance executives see it rather differently. A number I have spoken to seem to agree that the usual choice of a German bank over a foreign one is a matter of prudence.

German banks, runs the argument, tend to understand the needs of German industry rather better than the foreigners.

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DG BANK					
Net profit	Taken to reserves	Available for distrib.	Group assets	Deposits from co-op banks	Group
DM m	DM m	DM m	DM bn	DM bn	DM bn
1972 71	n/a	n/a	18.5	n/a	
1973 18	n/a	n/a	21.2	n/a	
1974 29	10	19	28.8	11.8	
1975 126	100	26	33.3	18.6	
1976 59	30	29	33.8	12.7	
1977 48	30	18	45.3	14.2	
1978 n/a	n/a	53.3	n/a		

jections of equity capital in 1975 and 1977 to keep its balance sheet ratios in shape. At the moment it does not appear to be earning sufficient to self-finance its ambitious growth. In 1978 its group assets rose by 23 per cent, roughly twice as fast as the growth of the big Landesbanks. Meanwhile it has cut its dividend from 8 per cent in 1978 to 5 per cent in 1979, although because of the corporate income tax reform this nevertheless results in a higher net dividend for shareholders.

Like most banks intent on establishing themselves internationally in a hurry, DG Bank's progress has not been without its mishaps. Last year it was just about to launch a new financial instrument in New York, DM-denominated Certificates of Deposit, when the Bundesbank stepped in and said no. Similarly it got its knuckles rapped by the all-powerful German capital markets committee which forced it to postpone a DM 100m issue for the Republic of Austria.

There are various versions of what happened in both instances but it is clear that there is no love lost between DG Bank and the German financial establishment, which sees DG Bank starting to muscle in on its cosy world.

In many ways DG Bank is suffering from some of the problems that confronted the Landesbanks when they first started to move abroad. There is a certain amount of trial and error. So far it appears to have been reasonably successful in

the chagrin of some of DG Bank's international competitors.

In the short term at least, DG Bank's aggressive pursuit of business is being done at the expense of profits. As the accompanying table shows, its profit record to date has been very patchy and the bank has had to rely on two outside interestingly successful in

the chagrin of some of DG Bank's international competitors.

Another Frankfurt banker suggested that one of the reasons for the foreign banks' relatively dim performance here is a lack of initiative. "You cannot come to a foreign country and expect to find things just the way they are at home. The universal banking system offers a great deal of scope to everybody prepared to take advantage of it. The foreign bankers' opportunities may be more limited than ours, often by their own domestic regulations, but nevertheless there are still plenty of chances for the resourceful."

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# Deutsch-Skandinavische Bank

## Highlights 1978

	in DM million	1977	1978	Increase
Total assets	1,025	1,355		+32%
Credit volume	559	766		+37%
Client deposits	158	282		+78%
Shareholders' equity	41	62		+52%

Major factors contributing to these results were:

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- rapid growth in export-import financing and in medium and long-term loans to German and Scandinavian corporate clients;
- considerably strengthened foreign exchange business;

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Undoubtedly, there is cause for complaint, but it would seem there is also worthwhile business, albeit growth is slower than could reasonably be expected. It is difficult to sympathise with the view of the banker, who once said: "We exist over here solely by courtesy of the German banks."

DG BANK Deutsche Genossenschaftsbank, P.O. Box 2628, Wiesenhüttnerstr. 10, D-6000 Frankfurt am Main 1, Telephone: (0611) 26 80-1, Telex: 04 12 291.

\*Preliminary figures  
\*\*Assets and contingent items

DG BANK (DM billion)	1978*	1977
Loans	20.9	18.5
Deposits	29.4	25.3
Total Assets	34.3	29.8
Business Volume**	38.1	33.6
Consolidated Business Volume	57.1	47.0

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\* CASSA DI RISPARMIO DELLE PROVINCIE LOMBARDE

## GERMAN BANKING VI

### LENDING TO MANUFACTURING INDUSTRY

(End-1978 (provisional) DMbn (excl. mortgage loans secured by property for industrial purposes)  
figs. in brackets end-1977)

TOTAL	Chemical Industry	Plastics Rubber Asbestos Processing	Quarrying Pottery Glass	Basic Metal Production Foundries	Steel Mechanical Engineering Vehicles	Electrical Engineering and Metal goods	Wood Paper Printing	Leather Textile Clothing	Food Drink Tobacco
129 (125)	12.1 (13.3)	4.8 (4.4)	5.3 (5.3)	16.3 (16.2)	27.8 (26.5)	22.2 (21.3)	13.4 (12.4)	11.3 (10.9)	15.3 (14.8)
TOTAL									
63.8 (62.5)	4.9 (5.8)	2.5 (2.3)	2.4 (2.5)	7 (7.1)	14.3 (12.7)	11.2 (10.7)	6.4 (6)	7.1 (7)	8.2 (8.5)
SHORT-TERM									
12.3 (12.9)	1.2 (1.5)	0.4 (0.4)	0.6 (0.5)	2.2 (2.3)	3 (3.6)	2 (2)	1 (0.9)	0.6 (0.5)	1.2 (1.1)
MEDIUM-TERM									
52.5 (49.7)	6 (6)	1.9 (1.7)	2.3 (2.3)	7 (6.9)	10.5 (10.2)	9.1 (8.6)	6 (5.5)	8.4 (8.3)	6 (5.3)
LONG-TERM									

Source: Deutsche Bundesbank

## Weighing the need for reforms

AFTER MORE than four years of work, an independent committee is almost ready to present its report on changes which might usefully be made in West Germany's banking system.

But even before its findings are disclosed two things seem certain. Those who feared that a Social Democrat-led government in Bonn might be tempted by the report to move towards state control of banking can rest easy. And critics of the famed German universal banking system, who were hoping for support from the committee for fundamental reform, are going to be disappointed.

The very composition of the committee, set up in 1974 by Herr Hans Apel, the former Finance Minister, strongly suggested that advocacy of revolutionary change was not to be expected. Headed by Prof. Ernst Gessler, a former department head at the Justice Ministry, the group includes figures from the main German

banking sectors, the Bundesbank, the supervisory authorities, the universities, Finance Ministry and the trade unions.

Quite apart from this, the more extreme demands for reform which emerge from time to time tend to ignore not only the historical circumstances in which the universal banking system grew up, but also the likely chaos which would ensue if efforts were to be made to change it from the bottom up.

It is hard to imagine the take-off of German industry in the 19th century without the banks who, as one commentator put it, acted as a kind of "leader of the entrepreneurial spirit of the nation." They supplied capital, granted credit, helped ease the birth pangs of new industrial sectors—gave, in fact, a universal service under one roof.

Can fairly be argued that a further industrial take-off—recovery from the chaos of the 1938-45 war—also owed much to this single part of what went to the steel, mechanical engineering and vehicle building sectors. And it is worth asking how the small industry would have weathered the recession had it not been for the part played by the banks. Might it not have come to even greater state influence in the branch, and to bills which finally would have had to be met by the German taxpayer?

There is a further essential point: that there is sharp competition not only between the different West German banking sectors but also within these sectors. At the end of 1977 there were about 6,000 German credit institutions—including among others more than 380 credit banks, about 63 savings banks and 4,800 cooperatives. This does not rule out dependence on an enterprise on a "house bank" but it suggests that the dependence does not have to emerge for want of alternative sources of credit.

Nonetheless, it is worth recalling some of the points made by the Monopolies Commission, an advisory body, in a report published in 1976. The Commission pointed out that banks naturally sought all available information on the creditworthiness of, among others, business and industrial clients and that as their information grew so did their competitive advantage over non-banks. There was, therefore, a long-term tendency, the commission said, for stakes in enterprises of above-average worth to accrue to the banks. Further, big banks tended to gain a competitive advantage over smaller ones.

It found from examination of the top 100 German companies (in turnover terms) that at the end of 1975 banks held stakes in 23 of them. A total of 28 of these involved holdings of between 25 and 50 per cent, but none was greater than 50 per cent.

The commission complained that it did not receive full replies to its questionnaire on the involvement of banks in business and industry, but it disclosed that banking representatives held a total of about 1,400 company supervisory board posts, supplying the chairman in about 300 cases. And it estimated that of a total of more than 2,000 joint stock companies, a single credit institution held 50 per cent or more of the voting rights at 7 per cent of the annual general meetings.

Several of these topics were taken up in a recent interview by Dr. F. Wilhelm Christians, president of the Federal Association of German Banks and joint spokesman (in effect chairman of the executive

board) of the Deutsche Bank. Dr. Christians far from denied that the banks had influence, but he insisted that they did not hang on to the "Depotstimmungsrecht" simply because they loved to exercise power. On the contrary, four years earlier 850,000 customers affected by the "Depotstimmungsrecht" had been asked what alterations they suggested should be made in existing procedures. Two thirds replied and of those more than 80 per cent wanted no change.

Dr. Christians also stressed that bankers did not hold a majority on company supervisory boards—and were in any case representatives of different competing institutions. He also noted that inter-bank competition had grown so strongly in the past few years that there had been increasing pressure on profit margins as each institution tried to tempt customers with more attractive offers. Earnings from stakes in business and industry helped stabilize the banks' overall position. If the banks were forced to give up these holdings then the cost of customer services would have to rise too.

### Result

What then may be expected? After as a result of the "Gesamtcommittee" report? Despite the difficult nature of the committee's discussions, it is likely that its final recommendations will involve three main areas.

First steps seem bound to be urged to have banks restrict the extent of their stakes in non-bank sectors. The Monopolies Commission urged that banks should not normally have more than five per cent of the equity of a company, and that if they did then they should not be allowed to exercise voting rights for that portion above five per cent. However, it is not only the banks which feel that the five per cent restriction is excessive and it is felt that the committee probably will recommend a higher percentage.

Second, it is to be expected that the "Depotstimmungsrecht" will be retained—not least because many customers want it. It should be recalled that there are many small shareholders who would have no practical possibility of representation at annual meetings if it were not for the banks acting on their behalf. However, the committee may well argue that customer agreement on voting procedures should be sought more often by the banks in specific cases, for example when a merger is up for decision.

Finally, it is likely that the committee will urge that more information be made public about the extent of involvement by banking representatives in the supervision of non-banking enterprises.

This might prove to be the most useful step of all. It may well be true, as Dr. Christians has remarked, that nothing is worse than an indifferent banker. But all bankers genuinely irritated by false charges about excessive and irresponsible use of banking power, surely have an interest in seeing the true position more widely understood.

Jonathan Carr

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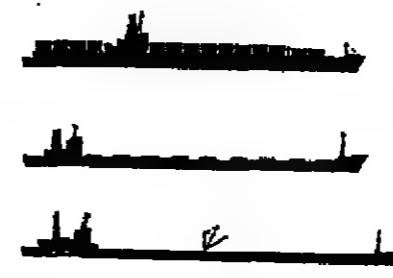
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## GERMAN BANKING VII

# 'ightening the law without...

of the collapse in West Germany, he West German moved to try to no similar case gain, including, including associations, the Federal Banking Office in Berlin government, deserve action taken. The amendment to Act of May 1976, the steps taken by the banks to safety margin for have gone far to ingers underlined originating with) affair.

not mean that all have been solved, but any risk at all remains—unless it is a case of massive with a free while German revision has been home, there is a hole of business subsidiaries, notably by domestic

out the Herstatt amendment of king law was the original Act, little more than general principle, led to that era of construction and growth in which played a crucial role, providing finance for German industrial and profited from lower growth and problems of the 1970s for dangers for mately involved times of industrial

ral key provisions amendment relate Under them, no loan can exceed a bank's "capital" plus capital plus five biggest loans each three times large loans must eight times

took account of most Germanies had been recoverable largely, there were out, this regulations insisted that large loans to see which they had underlined stability. But its reference to "it" is crucial. It to a bank to profit—provided it through a capital

this is directly rast. The bank seriously over itself on foreignness, and separate applied by after Herstatt to sk in this specific



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## .damaging the system

few West German who do not respect many's universal are also a goodly fear them. As far as go, however, few who actually among them.

usual at private to hear business that the system. But if one asks: "Will there be full reforms?" The No. There is no of doing so." reation the system its country well construction of a many, and the re-periods following world wars. In forged close ties—in fact, it contend that, with of Japan, in no alised country are and industry so d.

s massive share a tangible bond, as that the banks prouk of industry's finance. Although companies are by s under-capitalised ance sheets would is a wide differen German and accounting practices role industry is puny, industry operates on "it" system. It is a y that does not have uk" and sometimes e case of very large

ionship of a West corporate finance chief ouk" is very than that of his American counter-heir bankers. The k" is continuously the most intimate company, provid-

ing continuous financial advice. It is rare that the "house bank" is not represented on the supervisory Board.

In return, of course, the "house bank" has an unwritten claim on the lion's share of the company's banking service needs. This does not make for particularly keen competition in the corporate finance market—a point made particularly by foreign critics. But from the German corporate finance chief's point of view, it has its compensations.

### Dangerous

"It is very useful to be in constant close touch with your bankers," one said recently. They know their business far better than you do, and the special relationship means that they are much better placed to offer informed advice on a corporation's particular needs than the financial advisors called in from the outside. If reform of the system means losing this relationship, it would be very dangerous."

Pressures from industry against change in the banking system, therefore, are to some extent based on fear of the unknown. Better the system you know than the one you don't.

The real problems of achieving any meaningful separation of deposit and investment banking functions — on the lines of Britain and the U.S. — come, however, with the banks' massive holdings in industry. It is impossible to assess the real size of these because the German banks are permitted what are called "hidden reserves."

"Hidden reserves" are the difference between book value and actual value of the shares and securities in a bank's portfolio. This difference can be very great. Some of the hold-

ings are written in the books at their value when purchased during the recession or at the end of World War II, when they were worth virtually nothing. Others are entered at nominal value.

While it is possible to assess the size of the banks' major holdings, smaller tranches do not show up. It is safe to say, however, that the banks, in their own portfolios and those of the investment trusts they control, are by far the country's largest investors.

A move to force the banks to divest themselves of substantial portions of their controlling tranches in individual corporations — even over a long period of time — could well be defeated by the problem of who would buy them. The West German saver is relatively unsophisticated and extremely wary as well of industrial equity. Therefore there is little likelihood of them ending in the hands of private citizens.

An alternative, of course, would be the investment trusts.

The catch is that a large portion of the investment trusts are run by the banks. The question of divesting the banks of the investment trusts in turn raises the question of who would then become responsible for the trusts' management. And would a change of management create problems of confidence among the investors?

A private banker once told me: "There is little doubt that if the banks were forced to divest themselves of a substantial amount of their holdings, even within a five-year time scale, it would profoundly disrupt the German equities market for many years."

But anything less than a substantial divestment of funds would be unlikely to change the banks' role. Their indust-

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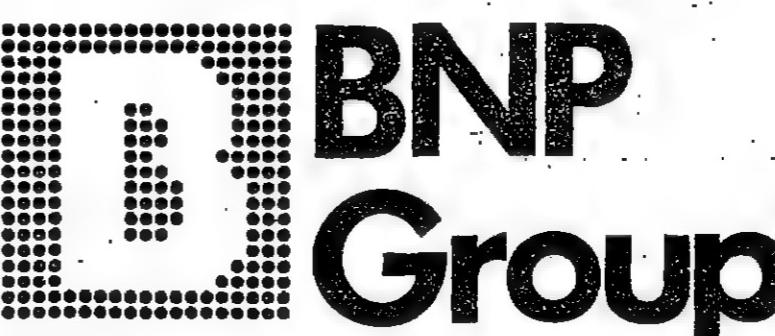
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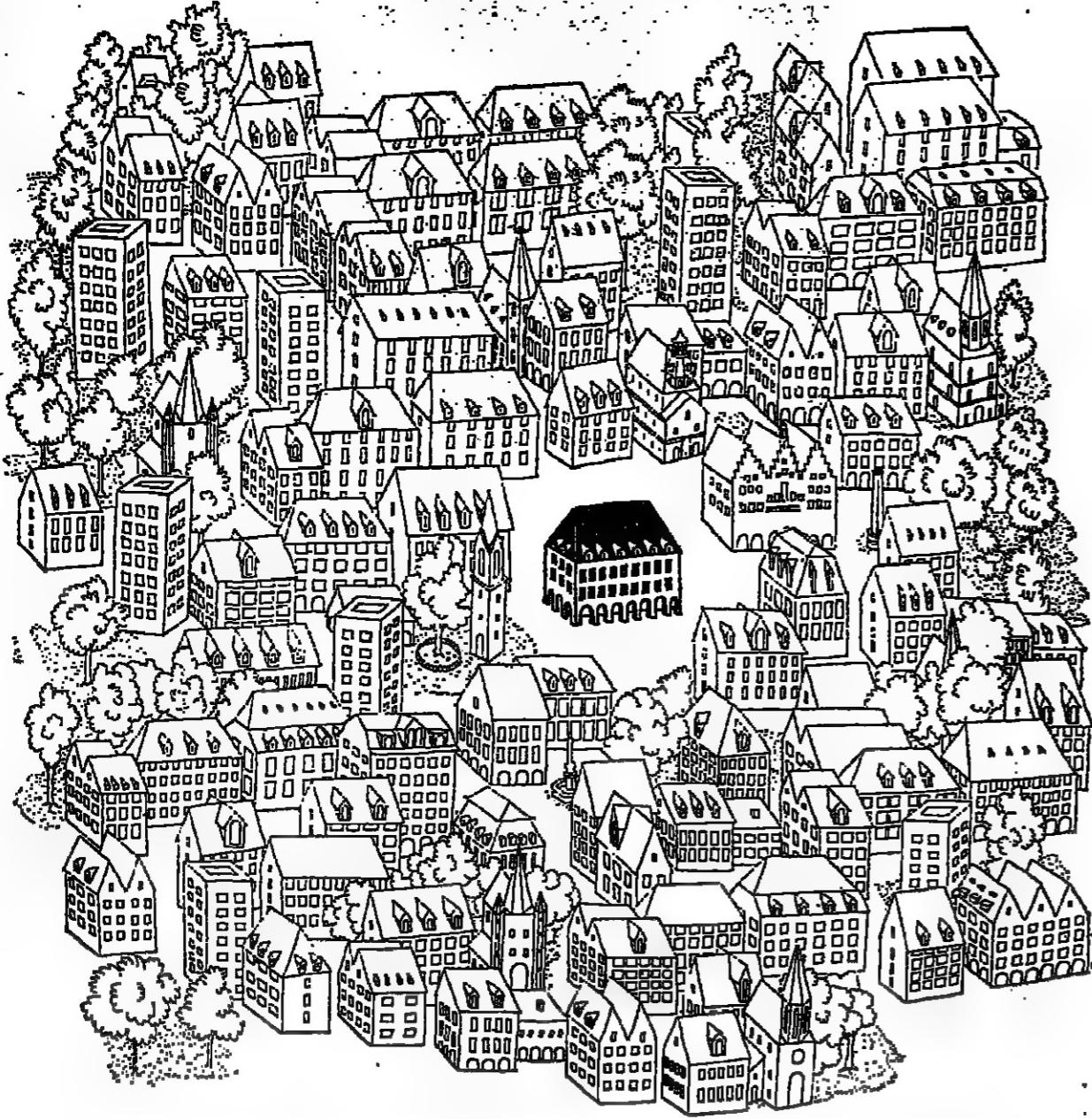
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## GERMAN BANKING VIII

# International shift in few hands

AFTER THE heady experience of 1978, when the D-mark was all the rage internationally, it is easy to overestimate the importance of international operations to the German banks. Although everyone expects the balance to continue to shift towards the international side—and, conversely, the German banks' share of international banking business to grow further—the rate of growth last year is unlikely to be maintained.

It is about ten years since the German banks started to build up their international operations in a big way. But even now only about five of them (notably Deutsche Bank, Dresdner Bank, Commerzbank, WestLB and Bayerische Vereinsbank) owe a third or more of their earnings or balance sheet assets to this aspect of their business.

Even with full consolidation of all their foreign subsidiaries and affiliates it is doubtful whether any of them derives as much as half of its earnings from abroad.

This is a far cry from the peak of 82 per cent of earnings attributed by the American Citibank to foreign business in 1977 (a proportion which fell back last year to the 1976 level of 72 per cent).

Moreover, although Germany's banking system with its large regional savings banks and big co-operative movement is very diffuse, the build-up of international operations has been heavily concentrated in the hands of a few banks.

The unfortunate experiences of Hessische Landesbank's international forays in the early 1970s certainly deterred some, while a build-up of foreign business by banks which hitherto have trodden cautiously is likely to be the big feature of the next few years. There are banks which decided to develop internationally some time ago but which even now derive only 15-25 per cent of their earnings or balance sheet assets from abroad.

Also, the nature of the German banks' international operations is very different from those of U.S. or Japanese banks.

Although the proportion has been falling, it is arguable that about half their total foreign business is denominated in D-marks, including a very big proportion of their commercial lending outside Germany.

It is significant that in Luxembourg, where the bulk of their international lending has been concentrated until now, and where over a fifth of the hundred-odd banks are German-owned, close on half the banks' assets are denominated in D-marks. In Luxembourg, the D-mark has a bigger share of business than the dollar. (On average internationally the D-mark accounts for about 15-20 per cent of total Euro-currency business.)

The fundamental reason for the D-mark's importance in

international commercial banking is that Germany's trade traditionally has been dominated in D-marks. This position is in sharp contrast to Japan, the vast majority of whose trade is denominated in U.S. dollars.

Even in the last year, when foreign buyers of Germany's capital goods might have been expected to demand that they be billed in the weakening dollar rather than the appreciating D-mark, it seems that German companies and banks largely managed to hold the line.

Germany's exports are now larger than those of any other country, and this clearly has been a big factor in the growth of the D-marks' international importance.

A change in the method of financing German exports has greatly increased the significance of this from the point of view of the German banks. The main method of financing German exports was traditionally suppliers' credits. However, in the past couple of years there has been a sharp change, and buyers' credits are now the main technique employed.

For the German banks this change has meant a switch in the direction of their lending from domestic corporate customers to foreigners.

Among the factors precipitating this change in technique were the increasing strain being felt by German companies at having to carry the cost of capital cover for the borrowing and lending involved in this business and increases in the liquidity of the German banks which were thus looking for new areas of business.

There were also technical changes to the German export credit guarantee system, which were a prerequisite to the shift from suppliers' to buyers' credits.

For the German banks the change meant a once-and-for-all jump in their international lending at the expense of their domestic lending. But the psychological impact may have been even more important than the figures.

With the exception of the bond department of Deutsche Bank, and the foreign exchange departments, financing German exports was really the sole international involvement of German banks until this decade. Even now it is by far the most important part of the German banks' commercial lending abroad. For a big chunk of this business to be transformed from basically domestic to basically international lending clearly could have a big impact on the way the German commercial bankers think.

Nevertheless, a lot of German bankers remain cautious about moving into what they term "purely financial" business. The major changes here may be provided by the pressure from German banks which have had less international involvement until now.

On the question of moves into

the international arena by the smaller German banks, one of the best-established big banks comments that it thinks it would have great difficulty in breaking in since relationships with most borrowers and investors had already been tied up by the big German banks.

The recent move by DG-bank to arrange a loan for Brazil's Eletrobras which is not tied to a project involving German experts and which at record low margins, may well point the way to a future trend. And if the second-line German banks decide to cut charges and arrange "financial" loans as a way into the market then this will put pressure on the bigger German banks to follow.

As far as the German banks' foreign operations are concerned the big change in trend last year was a shift from Luxembourg to London. German banks used Luxembourg as their first foothold in the European markets largely because it was close to home both geographically and in terms of language and culture. It is only recently that they have established themselves in numbers in London.

One pressing reason why they needed London operations was that they could establish branches there—in Luxembourg they mainly have subsidiaries. Some major depositors, especially in the Middle-East may well not be prepared to place funds with a small Luxembourg bank; however August's takeover of London has big tax advantages over Luxembourg.

Another major development last year was agreement between the German banks and the German banking authorities on reporting arrangements for their Luxembourg operations. In its final form, the agreement technically covers all the German banks' foreign operations, not just those of Luxembourg.

Given the overwhelming importance of Luxembourg to the German banks' external operations, it was these operations that the German authorities were fighting to get information on. But it would have been invidious in Luxembourg's independence for operations in the Grand Duchy to have been singled out for supervision.

In its initial form, the agreement (which was reached after years of haggling) required the Luxembourg supervisor to report general data to the German authorities on the direction of their lending and other reasonably innocuous matters. In no circumstances are details of lending to any individual borrower to be passed back.

The German authorities are known to be dissatisfied with the agreement. But it is not clear yet whether this dissatisfaction, or wider moves by central banks generally to seek consolidated data from parent banks under their control will result in concrete measures.

Mary Campbell

**75 of the top 100 companies in Germany do business with us.**

U.M. Pausa	U.M. Pausa Nr.	U.M. Pausa 1977	U.M. Pausa 1976	U.M. Pausa 1977	U.M. Pausa 1976	U.M. Pausa 1977	U.M. Pausa 1976
<b>Industrieunternehmen</b>							
1 Volkswagen							
2 BASF	5708	5729	5415	5711	5610	5610	5610
3 Siemens	25198	26178	25182	25198	24610	24610	24610
4 Thyssen	21077	21200	20810	21077	20700	20700	20700
5 Volkswagenwerk	24102	21223	19139	24102	23423	23423	23423
6 Hoechst	52265	53485	52150	52265	51820	51820	51820
7 Krupp	21267	21267	21267	21267	21267	21267	21267
8 Bayer	21263	21409	21428	21263	21127	21127	21127
9 Thyssen	21263	21409	21428	21263	21127	21127	21127
10 Allianz	24265	24265	24265	24265	24265	24265	24265
11 Klockner-Grupe	14125	13985	7342	14125	13985	7342	7342
12 Linde	12185	12202	47	12185	12185	47	47
13 Grunhoff-Grupe	12056	11673	549	12056	11673	549	549
14 Daimler-Benz	11791	11791	11791	11791	11791	11791	11791
15 Deutsche Shell	11704	11702	11702	11704	11702	11702	11702
16 Mannesmann	11716	11798	1065	11716	1187	1187	1187
17 Philipp Morris	10974	9794	9794	10974	9794	9794	9794
18 Ford	10163	8667	563	10163	7612	563	563
19 Opel	9165	8954	287	9165	8954	287	287
20 Hoechst	9165	8954	287	9165	8954	287	287
21 Deutsche BP	8262	8159	42	8262	8159	42	42
22 Commerzbank	8200	7490	-	8200	7490	-	-
23 Metallgesellschaft	7903	8229	-	7903	8229	-	-
24 Thyssen	7803	7803	-	7803	7803	-	-
25 Flick-Grupe	6941	5999	569	6941	4610	569	569
26 Salzgitter	6419	6724	324	6419	6724	324	324
27 B.A.T.	6262	5990	233	6262	4625	233	233
28 Brown, Boveri	5938	5842	347	5938	5760	347	347
29 Hochst	5816	5754	305	5816	5754	305	305
30 Beiersdorf	5193	5232	142	5193	5232	142	142
31 Deutsche Texaco	5071	5198	57	5071	5224	57	57
32 Henkel-Grupe	5063	5162	342	5063	5162	342	342
33 Schaeffler	5040	5040	24	5040	5040	24	24
34 Ruhrgas	4707	4098	-	4707	4098	-	-
35 Degussa	4455	4253	-	4455	4253	-	-
36 Daimler-Benz	4028	3760	370	4028	3760	370	370
37 B.A.I.	3947	3747	112	3947	3747	112	112
38 Grundig	3828	3734	347	3828	3734	347	347
39 Veba	3513	3556	217	3513	3556	217	217
40 Salzgitter-Grupe	3445	3492	281	3445	3492	281	281
41 Rohm & Haas	3290	3290	244	3290	3290	244	244
42 Erico-Grupe	2900	2900	244				

# Forcing the pace on Prestel

OFFICE'S announcement at a public Prestel starts today is us, but for the most part, the new television service will not able to more than a v. because the specially receiving sets need into it are not being used except in pro-  
totypes. Mass produc-  
tion sets will not start this year and possibly next.

the Post Office's  
ment generates any  
al demand for Prestel.  
s' inquiries are likely  
with an embarrassed  
from shops and  
manufacturers.  
other hand, it is hard  
the Post Office for  
to consolidate its world  
developing a system  
it believes has a  
nary potential for  
information in the  
world and eventually  
ons of ordinary homes.  
Office is also anxious  
the pace of develop-  
Prestel so that it will  
od elsewhere in the  
icularly in the U.S.,  
ence to rival systems  
pressed hard by the  
and the Canadians.

## t system

is the first electronic  
system to be con-  
nected on a national scale. It  
connecting a modified  
receiver through the  
telephone network to  
office computer system  
stores hundreds of  
s of pages of informa-  
The information in-  
business statistics and  
news, sport, advertisement,  
an encyclo-  
entertainment and  
guides. Indeed, almost  
nation now published  
magazine or news-  
in principle, be stored  
estel computer system

## Letters to the Editor

### volatility markets

Economic Adviser  
d Co.

suppose the first point  
to Michael Posner  
(8) is that the volatility  
sets, or an eastern  
as he puts it, is not  
only a reflection of the  
of new business  
Big price move-  
the relatively small  
volume which has been  
London gives further  
to the suggestion that  
rational investor is  
an important part now  
additional sources of new  
ke the elusive Scarlet  
I, however, some  
ave problems in track-  
down.  
is no need to suppose,  
surer suggests, that the  
or corporate profits is  
r after recent oil price  
is an improvement in  
directly concerned with  
monetary factors.  
ore important is the  
vidence since January,  
ange rate gains in the  
encies—the German  
France and Japanese  
not be features of  
national market scene  
higher than inflation  
rentials. In fact, inter-  
polices of many central  
operation of the  
monetary system, may  
change rate movements  
will be below inflation  
rentials, at least for a  
severe?

A. G. Hornsby,  
25 Worship Street, EC2.

### Local authority audits

From Mr. R. Jones

Sir—Cheshire County Council  
seems to me to be setting an ex-  
tremely dangerous precedent in  
allowing local industry to finance a  
"value for money" inquiry.

The logical conclusion of its  
action is that every ratepayer's  
association, trades union, debt  
collection agency, property  
developer, newspaper or indeed  
anyone else, including public  
interest research centre, can  
commission an audit of the local  
authority's affairs solely on the  
basis of whether it can provide the  
necessary cash. For how  
could Cheshire now discriminate  
between these pressure groups?

Could it be seen to be neutral  
as between each one without  
agreeing to each one commissioning  
its own "independent" audit?  
Anart from the sheer in-  
efficiency that would result from  
having scores of management  
consultants all over the place,  
how could that authority protect  
ratepayers' credit ratings or even  
more simply, their  
addresses? A contract with con-  
sultants about non-disclosure of  
information, however rigorous,  
is no substitute for direct control  
of publicly available  
information.

Hence employers, largely in  
order to avoid the costs of their  
own training and induction, bid  
up wages or salary, if they can,  
for experienced people (also  
there is less risk if the experience  
they are buying is to some  
extent guaranteed). And so we  
have a vicious circle of em-  
ployers reluctant to train, high  
employee turnover due to other  
employers offering higher  
salaries, and general skill  
shortage.

The solution must be for all  
employers who undertake train-

and flashed onto the television  
screens of subscribers.

This electronic method of pub-  
lishing has many advantages  
over the printed word. First, it  
gives the user access to a very  
large library of information.  
Without moving from his desk  
or living room, he can inspect  
any page he wishes by pressing  
a few buttons.

The user pays a local telephone  
call charge plus 2p a minute  
for the time he is connected to  
the computer. He also pays a  
charge displayed at the top of  
each page which may be levied by  
the provider of the information.  
This varies from zero  
(in the case of advertisers or  
public bodies for example) to  
perhaps 5p or 10p for business  
and financial information  
thought to have a special market  
value.

The second major advantage  
of electronic publishing is that  
the information stored in the  
computer can be continuously  
brought up to date. Share  
prices, advertisements and tim-  
tables, for example, can be  
altered daily or even hourly by  
an operator with a simple key-  
board.

Thirdly, the system is "inter-  
active." That means it not only  
sends out information but it  
can receive messages from the  
user and can respond to them  
immediately. For example, a  
user can play games and quizzes  
with Prestel. He can answer  
questions about his personal  
finances, which will enable the  
computer to calculate mortgage  
repayments or income tax. The  
user can even make purchases  
in response to a Prestel adver-  
tisement by punching in his  
credit card number, which will  
then be forwarded automatically  
to the advertiser. Theoretically,  
but perhaps too costly, it  
is possible to develop the  
system for transmitting messages  
to another viewer's screen by  
using an extended keypad with  
letters as well as figures on it.

All these possibilities have  
been demonstrated on the test  
service of Prestel now in opera-  
tion. Both the French  
system, Teletel, and the  
Canadians' Telidon and Vista—

major new opportunities in at  
least four separate fields in  
business, public information,  
consumer and classified adver-  
tising and education.

Prestel's great advantage is  
that it already exists. Without  
doubt, part of the Post Office's  
reason for announcing a public  
service from today is to under-  
line the fact to an international  
audience.

Its other motive is to put  
pressure on the set-makers to  
move ahead as fast as possible  
toward the mass production of  
Prestel receiving sets. Without  
mass production, sets cannot be  
priced low enough for the con-  
sumer market and, indeed, may  
not be available in sufficient  
numbers for the business  
market.

And without enough users,  
Prestel would be in danger of  
becoming quite rapidly, a dead  
duck. The reason is that  
Prestel was conceived from its  
start in the early 1970s as a  
mass information system. It was  
planned to be about a tenth of  
the cost of more specialised  
computer information systems  
because it would use the exist-  
ing telephone network and hitch  
onto the mass production  
techniques of television set-  
makers.

The economics of Prestel,  
therefore, are dependent on  
achieving a large number of  
customers in as short a time as  
possible. Hundreds of thousands  
of micro-circuits or "chips"  
which have to be added to the  
television sets must be made  
each year to reap the full  
benefits of economies of scale.

The set makers need a  
market of a similar size if they  
are to recoup the cost of pro-  
duction lines devoted to Prestel  
receivers. The information  
providers also need a large base  
of users if they are to recoup  
the costs of gathering their  
information as well as the  
annual £4,000 flat fee plus £4  
per page a year which they pay  
to the Post Office for "Class A  
service."

Information providers are  
therefore faced with the familiar  
problem of what profit?

still in the experimental stages  
are aimed to provide a more  
sophisticated, encoding system  
and better graphical display.

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chicken-and-egg dilemma of anybody marketing a new product:

should they put a low price on their pages of information in the hope of stimulating market demand, or should they plan for a small number of users at a relatively high price?

The information providers  
cannot, however, make their  
decisions in isolation. They are  
locked in to the pricing policies  
of the other two partners in the  
system, the Post Office and par-  
ticularly the set-makers. Cer-  
tainly the current price of sets  
at about £1,000 is much too high  
ever to stimulate a mass con-  
sumer market and, indeed, may  
not be available in sufficient  
numbers for the business  
market.

Mullard, the component sub-  
sidiary of Philips, expects that by  
1983, the complete electronic  
components package for Prestel,  
including remote control and  
digital tuning of the television  
set, will be available to set  
makers at around £32. Thus  
making the Prestel TV set only  
marginally more expensive than  
a standard colour set. But this  
price will depend on the exis-  
tence of a large market in the  
upper hundreds of thousands,  
perhaps even 1m Prestel sets a  
year. Will set makers risk the  
investment needed to create a  
market big enough to sustain the  
forward impetus of Prestel into  
this era of mass communica-  
tions?

And without enough users,

still in the experimental stages  
are aimed to provide a more  
sophisticated, encoding system  
and better graphical display.

Business information pro-  
vided by several organisations—

including Flintel, the joint ven-  
ture between the Financial  
Times and Exetel, the Exchange  
Telegraph financial news agency

—is at present being priced at  
around 5p to 10p a page, but for  
the consumer market, prices  
may need to be lower. Even if  
the non-business information is  
cheaper to collect (and some of  
it will be), a much larger  
number of users will be needed  
to make the system

commercially attractive.

So what is the critical size  
which Prestel must achieve to  
ensure its future? The answer  
is that there are probably two  
critical sizes for two separate  
phases of its expansion. The first

phase will be the penetration of  
the business market where the  
cost of sets and the price per  
page are likely to be of much  
less importance than that which  
businessmen attach to receiving  
accurate and immediate informa-  
tion. Even in its high price/low  
volume phase, Prestel will be  
very much cheaper than most  
competitive computer information  
systems. It is generally  
thought that a healthy business  
service would operate on Prestel  
with as few as 100,000 terminals  
in use, though much will depend  
on the intensity with which they

are used.

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it will be), a much larger  
number of users will be needed  
to make the system

commercially attractive.

Dr. Alex Reid, director of  
Prestel, believes the "tip-off" point  
for a consumer-oriented service  
will be somewhere

around 1m subscribers, with  
perhaps 1m pages of information  
stored in the system. He is  
certainly determined not to  
stop with a small circle of busi-  
ness users. When the final plans  
for the test service were being  
laid in May 1978, he said: "Our  
aim is to produce a cheap and  
universal means of electronic  
publishing, comparable in scale  
to radio, television or the  
Press." Now he is discussing  
plans to invest as much as  
£100m over the next five years  
in a national computer network  
needed to serve an expanding  
system.

The Post Office is also con-  
sidering whether to make a  
direct assault on the problem of  
reducing the cost of the Prestel  
terminal by providing its own  
adapters, costing as little as  
£50, which would plug into the  
serial socket of an ordinary  
television set.

The Post Office is now invit-  
ing tenders for this equipment  
but if it decided to go ahead  
with an adapter of its own, it  
would be risking a clash with  
the set makers on difficult and  
dangerous ground. The set  
makers are certain to protest at  
the idea that the Post Office's

Group of Companies, Equity and  
Life Assurance Society and  
Gibbs and Dandy, United News-  
papers, Wace Group, Zenith Car-  
burettor Company, Interim divi-  
dends; City and International  
Trust, Henshaw (Furniture  
Trades), Lucas Industries,  
Ricardo Consulting Engineers,  
Interim figures; Centrovincial  
Estates, Enratty, West of England  
Trust.

**COMPANY MEETINGS**

Crest Nicholson, Ashley Park  
Hotel, Walton-on-Thames, Surrey,  
J. and R. B. Jackson, Hotel  
Leofric, Coventry, 3, Vantage  
Securities, Bestway Company, Brent  
Chemicals International, Brocks  
WC, 12.15.

## Today's Events

### GENERAL

U.K.: National Federation of  
Building Trades Employers ready  
to construction unions pay claim.

Mr. Richard K. Banks, U.S.  
Director of Maritime Affairs, and  
Mr. Hallvard Bakke, Norwegian  
Minister of Trade and Shipping.

Overseas: EEC Agriculture  
Ministers meeting in Brussels dis-  
cuss monetary proposals and pro-  
posed 1979-80 price freeze.

EEC Energy Ministers meet in  
Brussels.

### PARLIAMENTARY BUSINESS

House of Commons: Debate on  
Defence Estimates continues. Re-  
mainding stages. Public Health  
Laboratories Services Bill

House of Lords: Ancient Monu-  
ments and Archaeological Areas  
Bill, third reading. Nurses, Mid-  
wives and Health Visitors Bill,  
report. Direct Labour Accounting  
Bill, second reading. Show (Sunday  
Trading) Bill, committee.

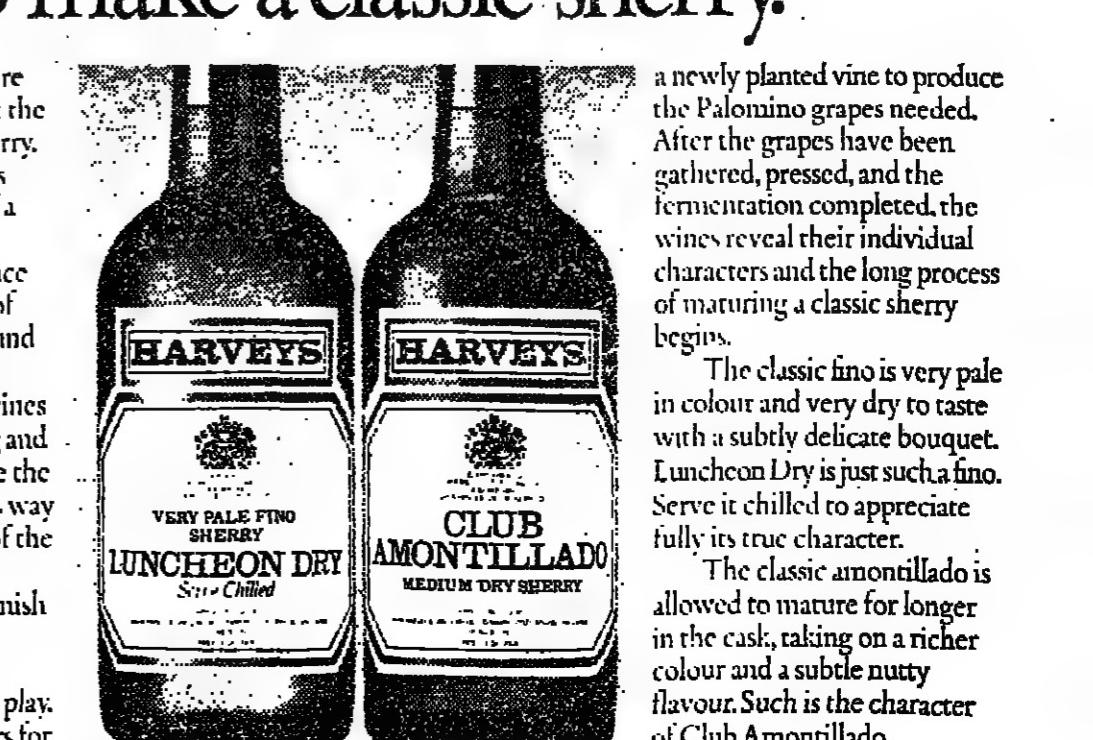
Joint Committee on Statutory  
Instruments, Room 4, 4.15 pm.

**COMPANY RESULTS**

Final dividends: Appleyard-  
Group of Companies, APV Hold-  
Short debate on JET Project.

Select Committees: Expendi-

# The Palomino Vine. Where craft and nature combine to make a classic sherry.



Without the vine there  
can be no grapes. Without the  
grapes there can be no sherry.  
The tending of the vines is  
therefore the very basis of a  
classic sherry.

Centuries of experience  
have developed the craft of  
viticulture in the hills around  
Jerez into an art. Grafting,  
pruning and training the vines  
all play their part in aiding and  
abetting nature to produce the  
finest sherries. Only in this way  
can the special character of the  
native soil and the unique  
ripening power of the Spanish  
sun fulfil their promise of  
classic sherry to come.

Tune too has a role to play.  
For it takes fully three years for

the newly planted vine to produce  
the Palomino grapes needed.  
After the grapes have been  
gathered, pressed, and the  
fermentation completed, the  
wines reveal their individual  
characters and the long process  
of maturing a classic sherry  
begins.

The classic fino is very pale  
in colour and very dry to taste  
with a subtly delicate bouquet.  
Luncheon Dry is just such a fino.  
Serve it chilled to appreciate  
fully its true character.

The classic amontillado is  
allowed to mature for longer  
in the cask, taking on a richer  
colour and a subtle nutty  
flavour. Such is the character  
of Club Amontillado.

Luncheon Dry & Club Amontillado.  
Two classic styles of sherry from Harveys of Bristol.

## Paterson Zochonis warns of some 15% shortfall

FIRST half pre-tax profits up from £9.18m to £9.43m are reported by Paterson Zochonis and Co., but the directors say latest indications are that profits for the year to May 31, 1979, may be some 15 per cent lower than the £19.45m last year.

First half results, to which the UK operations have made an increased contribution, are in line with earlier forecasts but results in the second half will be adversely affected by several factors, the directors say.

INDEX TO COMPANY HIGHLIGHTS					
Company	Page	Col.	Company	Page	Col.
Arcliffe Hldgs.	30	7	Ibstock Johnson	28	4
Beaton Clark	30	3	LASMO	28	4
Bronx Engng.	30	4	Moorhouse & Brock	30	2
Carlton Inds.	30	6	Paterson Zochonis	28	1
Epicure Hldgs.	30	1	Turner & Newall	28	1
Federated Land	30	6	Waverley Cameron	30	8

Interim dividend is stepped up from 3p to 3.3p—the previous final was 5p.

The group trades as a West African merchant and also makes soaps, toiletries, industrial and household cleaning agents in the UK for the home and export market.

### • comment

Paterson Zochonis has now largely weathered the impact of losing a large part of its important Nigerian operations in local interests. The economic gloom in that part of West Africa, however, continues to depress pre-tax profits which have only inchéd ahead despite an increase of almost one-third at the trading level. More than ordinary share are given at 25.8p against 26.5p and the

## Ibstock Johnsen passes £5m mark with 17% rise

PROFITS before tax of Ibstock Johnsen, the building products group, rose 17 per cent to £5.08m in 1978 on turnover, up 38.5 per cent to £39.8m.

With first half profits up from £1.9m to £2.2m, the directors said a noticeably better second half was likely, mainly due to substantial growth overseas with the acquisition of Marion Brick of the U.S.

The second half would also include a full six months from Marion compared with only one month in the first half.

Earnings per share for the year are shown at 26.67p against 26.78p and the final dividend is 6.086p making a total of 6.8596p compared with 6.143p previously. A one-for-one scrip issue is also proposed.

The directors say that Marion Brick earned a satisfactory return on the group's investment. It was also the main cause

of decreasing margins as U.S. margins are generally lower than in Europe.

However the board expects the brick company to achieve steadily improving margins of profitability.

### • comment

Ibstock Johnsen has again proved its ability to outpace the brick manufacturing industry. Group sales volume in the UK climbed 11.3 per cent last year whilst national deliveries rose by no more than 4 per cent. This time, particularly after a very poor opening quarter, domestic growth opportunities look limited and Ibstock's progress will stem largely from improving margins at the Marion Brick acquisition in the U.S. and recovery in the troublesome Belgian plants near Brussels. Loss elimination in Belgium would be worth around £700,000 in a full year but, with

the first quarter weather playing a crucial role, break-even may be delayed until late summer. Marion, which made £430,000 in the seven months post-acquisition, was largely responsible for the overall margin decline but Ibstock plans to boost the rate of profitability by marketing its U.S. output as a quality architectural product and lessening its dependence on the volatile housebuilding sector, which currently accounts for some 70 per cent of sales. Consolidation rather than expansion will be the order of the day for 1979 but Ibstock appears to have found an untapped source of overseas growth potential. The shares dropped 8p to 19.4p yesterday, after consistent strength in the last fortnight, where the p/e of 7.1 and the yield of 5.4 per cent on the four times covered dividend offer solid support.

## English Assoc. Fund listing

The English Association Fund of Jersey has applied for all its 76,752 participating redeemable preference shares of 1p each to be admitted to the official list of the Stock Exchange.

The minimum subscription for shares is £2,000.

The fund does not intend to invest in securities from which UK tax is deducted at source.

### COUNTY OF CLEVELAND

County of Cleveland announces the placing of £5m Variable Rate Redeemable Stock 1984 at £20.50 payable in full on issue.

Interest will be calculated at 11 per cent above 6 months Libor, payable on March 29 and September 29 with a first payment of £6,518.90 per cent on September 29, 1979.

The stock is redeemable on March 25, 1984. Dividends are expected to begin on Thursday.

### TAYLOR WOODROW

As a result of the recent rights issue, Taylor Woodrow directors' holdings have increased as follows:—Mr. R. G. Partick 383, Sir Frank Taylor 1,112, Mr. R. E. Aldred 772, Mr. C. E. A. Hambro 355, Mr. T. Freshney 824, Sir Patrick Dean 678, Mr. R. Christie 337, Mr. E. S. D. Tribe 1,332, Mr. F. R. Glubb 437, Mr. N. G. Baker 504, Mr. C. G. F. Bazell 1,574, Mr. N. Fletcher 302 and Lady Taylor 2,25.

Mrs. B. S. L. Trafford and J. Topping disposed of their rights, 954 and 150 shares respectively.

Mr. R. E. Aldred and Mr. B. S. L. Trafford have each paid on the balance on 320 ordinary shares of the executives' share incentive scheme which shares have been sold. "and Mr. J. Topping has paid on the balance of which he has retained.

Also, clearance under Section 44 of the Income and Corporation Taxes Act, 1970 (cancellation of subscription rights on 400 of such incentive scheme shares which he has retained.

## Mowat postpones rights

Wm. Mowat and Sons, the property company which was last year's top performing share in the stock market, has postponed a one for one rights issue announced earlier this month.

Last night the directors explained in a statement that after further consultation with their professional advisers they had decided that the Chaplin Road, Wembley, redevelopment scheme was "not sufficiently attractive to undertake."

A substantial proportion of the 20.3m rights issue proceeds had been earmarked for this site.

No one from Mowat was available for comment though the statement added that the directors "intend to expand the company and this expansion is likely to necessitate a rights issue."

A number of alternative proposals are under active consideration and a further announcement will be made as soon as plans are finalised.

Until this month Mowat was controlled by Jenth, a private company which is based in Jersey. Last October Jenth, which earlier had bought a 61.67 per cent stake from Mowat's directors, made a 22p per share cash bid for the remainder of the shares.

Jenth never revealed if it received any acceptances but three weeks ago the company sold its remaining 51.17 per cent holding in Mowat at 50p per share.

No one from Mowat was available for comment though the statement added that the directors "intend to expand the company and this expansion is likely to necessitate a rights issue."

A number of alternative proposals are under active consideration and a further

### DIVIDENDS ANNOUNCED

	Date	Corre-	Total	Total
	current	spending	for	last
	payment	div.	year	year
Arcliffe	2.01	NIL	2.01	NIL
Beaton Clark	4.5	—	3.18	5.5
Bronx Eng.	1.32	May 14	1.17	1.57
Carlton Ind.	3.5	May 24	2.8	5.57
C.S.C. Investment	2.75	May 15	2.5	4.28
Epicure	0.33	April 10	NIL	0.33
Federated Land	1.93	May 8	1.55	2.3
Ibstock Johnson	4.11	May 18	3.64	6.14
Moorhouse & Brock	2nd int.	3.965	July 12	4.22
Paterson Zochonis	int.	3.3	May 15	3
Waverley Cameron	11	—	7.56	14

Dividends shown per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For nine months. § As forecast in October 1978 placing. || In lieu of final. ¶ Subject to Treasury approval.

This Advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

### COUNTY OF CLEVELAND

Placing of £5,000,000 Variable Rate Redeemable Stock, 1984 at 992 per cent

Application has been made to the Council of The Stock Exchange for the above Stock to be admitted to the Official List.

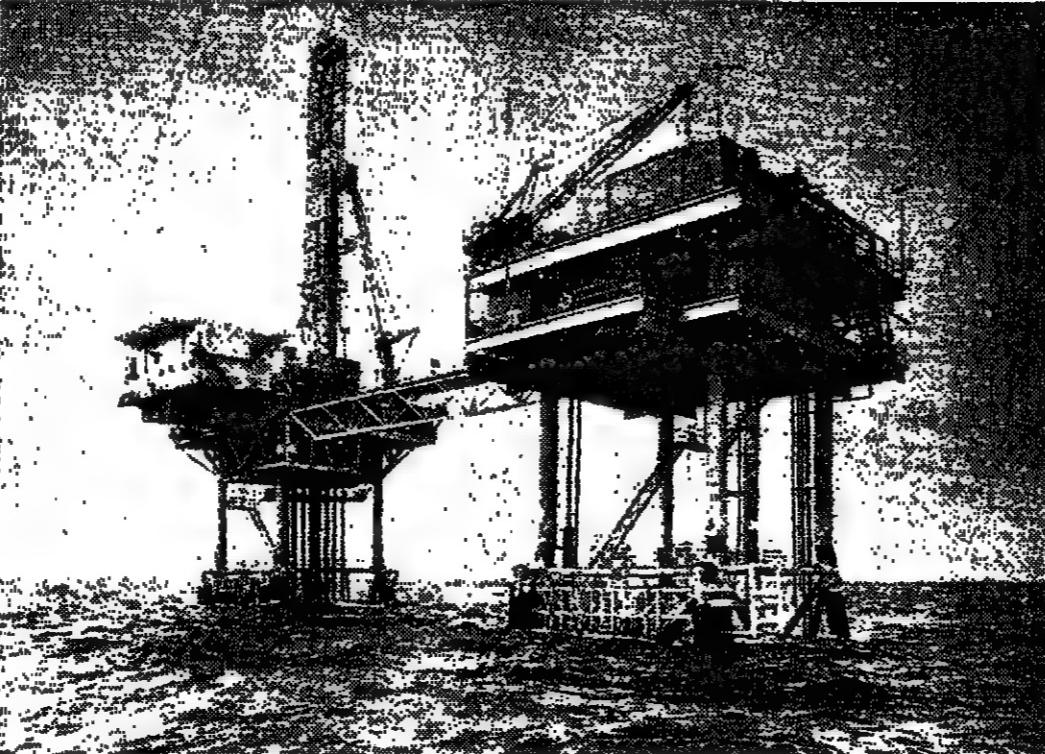
In accordance with the requirements of the Council of The Stock Exchange £500,000 of the Stock is available in the market on the date of publication of this Advertisement and until 10 a.m. on Wednesday, 28th March, 1979.

Particulars of the Stock have been circulated in the Exel Statistical Services Ltd., and copies may be obtained during usual business hours on any weekday (Saturdays excepted) for 14 days, from and including 27th March, 1979, from

Phillips & Drew,  
Lee House, London Wall, London EC2Y 5AP  
and The Stock Exchange

## 1978 Annual Report:

# Emphasis on energy brings Tenneco record \$8.8 billion revenues, new highs in income and earnings per share.



The most prolific offshore platform in Tenneco's history, 60 miles off Louisiana, began production in late 1978. The 11 wells on the platform are expected to produce more natural gas in their first year than is consumed annually by the city of Boston.

### SUMMARY

(Millions except per-share amounts)	1978	1977
Net sales and operating revenues	\$ 8,762	\$ 7,408
Net income	466	427
Earnings per share of common stock—		
Average shares outstanding	4.53	4.38
Fully diluted	4.30	4.11
Capital expenditures	1,008	714
Total assets	10,134	8,278
Year-end dividend rate	2.20	2.00

gas pipeline and other energy projects. In so doing, we believe we will best serve the interests of our Company, our investors, our employees, and the people of this nation.

To find out more about Tenneco's success in energy and its growth in

other basic industries—construction and farm equipment, automotive components, chemicals, agriculture and land management, packaging, shipbuilding, and insurance—write

TENNECO ANNUAL REPORT, Section X-1, P.O. Box 2511, Houston, TX 77001.

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TENNECO CHEMICALS □ NEWPORT NEWS SHIPBUILDING □ PACKAGING CORP. OF AMERICA □ TENNECO WEST

ALBRIGHT & WILSON LTD. □ J.I. CASE COMPANY LTD. □ DAVID BROWN TRACTORS LTD. □ GLOBE PETROLEUM SALES LTD. □ HARMO INDUSTRIES

FOCLAIN LTD. □ TENNECO CHEMICALS EUROPE LTD. □ TENNECO INTERNATIONAL HOLDINGS LTD. □ TENNECO WALKER (UK) LTD.

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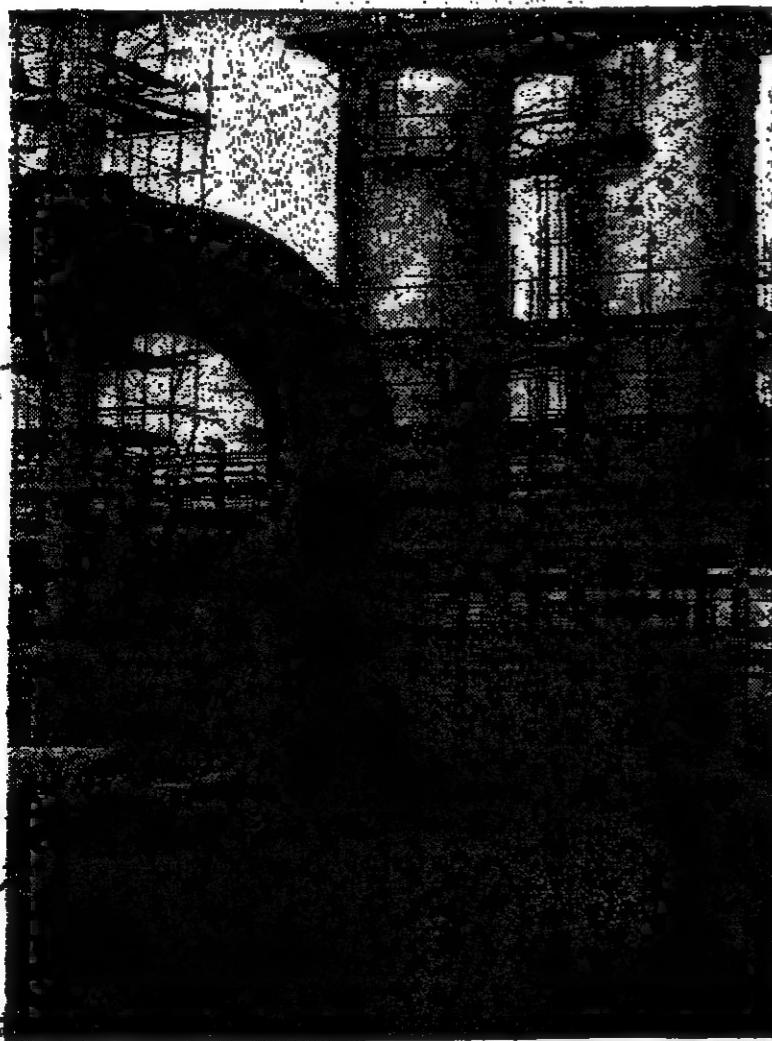
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Post Office Telecommunications

£17 million  
1979

5 million  
1979

# Turner & Newall: the keyword still is investment— in the UK, USA and Continental Europe



£7 million Aycliffe PVC resin plant — on stream 1979 — will eventually double output



£8 million plant for specialised glass fibre insulation materials, on stream 1979, in the North East



£5 million investment in new American automotive components plant, on stream 1979



£3 million on specialty chemicals in USA and Europe, including photoresists for silicon chips

## Highlights from the Statement by the Chairman, Patrick Griffith

- \* Sales up by £127m to £541m
- \* Trading profit down by £1.4m to £43.5m
- \* Pre-tax profits down by £6.7m to £38.5m
- \* UK exports up by £16m to £109m
- \* Worthwhile contributions from investment in Hunt and Storeys
- \* Major restructuring of UK construction materials and plastics engineering and moulding interests
- \* Capital expenditure 1978—£24m at home, £19m overseas
- \* Capital expenditure 1979—£16m at home, £18m overseas

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## Improved trend for Epicure

WITH PRE-TAX profits at £208,000 for the six months to December 31, 1978, on turnover of £3.84m, results of Epicure Holdings, hotelier, etc, show an improved trend and reflect the effects of rationalisation and reorganisation to date.

The directors explain that these actions were taken in the long term interest of the group, and they continuing to look at ways of improving its businesses, by acquisition, internal growth and rationalisation.

For the corresponding 1977 half-year, profits of £28,000 on £0.8m turnover were achieved.

## London Life to pay higher reversionary bonus rates

HIGHER RATES of reversionary bonus are to be paid by London Life Association from July 1, 1979. On all assurances and on the compound bonus deferred annuities the rate is lifted from 2.4% per cent to 2.8% per cent of the basic benefit plus attaching bonuses. On the simple bonus pension business the rate is 2.70 per cent of the basic benefit against 2.30 per cent.

On the reduction of premium system the increase in the rates of reduction is maintained at 10 per cent for the 68th or earlier series and at 8 per cent for the 69th or later series.

The company has already announced its terminal bonus rates, payable on death or maturity claims. These bonus rates are reviewed twice a year in May and November, applicable to the following January and July respectively.

## Granada makes good start

Profits for the current year at Granada Group were running some 20 per cent higher than last

but these were prior to the acquisition of Slea Group and therefore are not comparable.

An interim dividend of 0.33p is to be paid—the first for five years—and the directors expect to recommend a final of at least the same amount—last year's final was 0.33p on £73,000 pre-tax profits.

A professional revaluation of the group's properties has recently been completed and indicates a total value of £3m, more than £1m greater than the book value. This excess does not include surpluses on certain properties classified as trading items.

A RIGHTS issue to raise around £2.6m is announced by Beatson Clark and Co, glass container manufacturer. The issue will be of 1.42m shares at 185p each on the basis of one new ordinary 25p share for every three held.

It is also proposed to increase the authorised share capital from £1.25m to £2m.

For 1978, pre-tax profits were little changed at £2.38m (£2.36m) on £20.67m (£17.79m) turnover, after a decline from £1.17m to £0.93m in the second half. At midway, the directors said that full year profits should equal those of 1977.

The directors now say that during the first two months of 1979, every effort was made to overcome the difficulties caused by the road haulage dispute and the unusually severe weather conditions.

Although both output and deliveries were affected in the event only part of the additional capacity available this year was hit and the directors therefore look forward to 1979 with confidence.

Explaining the reasons for the rights issue, the directors say that the company's dependence on retained profits and bank borrowings for both development capital and additional working capital had from time to time made it necessary to postpone major developments.

Therefore, they feel that the time has arrived when it is desirable to increase the capital base and so enable the company to accelerate its future plans and enhance its long-term prospects.

After a tax credit of 20.32m (£0.75m charge), stated 1978 earnings were well ahead from 37.8p to 43.6p per 25p share. Treasury approval has been received to lift the dividend total from 5.204p to 7p net, with a 4.6p final.

Subject to Treasury consent, the directors intend to recommend payments totalling 8.4p for the current year. The Treasury

has indicated, however, that based on current legislation, consent would be forthcoming.

### Comment

Beatson Clark is not an obvious rights issue candidate. Borrowings, at £2.5m, are only a fifth of shareholders' funds and there are no big projects in the pipeline to follow the recent modernisation programme. Also, with the sharp increase in dividends cover the company does not need an excuse to boost the payout. It appears, then, that the cash call is designed to further increase flexibility and eliminate interest charges. On the trading front, second half profits were as expected—hit by the seven-week shutdown of the Rothwell factory as part of the reconstruction programme. But, although full-year profits are only marginally higher, earnings are up by two-thirds thanks to tax relief on capital expenditure. Despite the dividend jump now, and the promise of a 20 per cent rise next year a 4.6 per cent yield is still the restraining factor on the share price, which last night was standing at 230p.

The full year profits were struck after interest of £260,000 (£275,000) including £62,000 (£22,000) relating to commercial developments, and an exceptional debit of £32,000 last time. Net rents from investment properties expanded from £1.02m to £1.09m.

Tax takes £456,000 (£474,000) after credit for all allowances on investments in investment properties, and standard earnings rise from 3.74p to 4.45p per 25p share. A final dividend of 1.63p lifts the total net payment to 2.73p against 2.3p last time, covered 1.63 (same) times. Retained profits emerged at £181,000 (£150,000).

The directors say profit margins on housing developments have been getting tighter, des-

## BOARD MEETINGS

The following companies have notified dates of their meetings to the Stock Exchange. Sub-meetings are also held, unless otherwise indicated, for the purpose of considering dividends. Official indications are not available as to whether dividends are interim or final and the sub-divisions shown below are based mainly on last year's dividends.

### TODAY

Interim—Commercial Estates, City and International Trust, Hensher (Furnishings Trades), Ricardo Consulting Engineers.

Finals—Appleyard, Beatson, Brent Cross, Cheshire, Grosvenor, Grosvenor Equity and Law Life Assurance Society, Gibbs and Dandy, United Newspapers, Waca, Wilkinson Warburton, Zenith Carburetors.

### FUTURE DATES

Imperial Industries	Mar. 23
Marin (R. P.)	Apr. 3
North Atlantic Securities	Apr. 11
Finais	
Alva Investment Trust	Apr. 18
Diamond Shamrock Europe	Apr. 19
English National Investment	Apr. 20
Feb Internationals	Apr. 21
Fermat	Apr. 22
Globe Investors (London S.W.5)	Apr. 23
GKN	Apr. 24
Higgs and Hill	Apr. 25
Hoyle	Apr. 26
Stanley (A. G.)	Apr. 27
Thames Sulphur	Mar. 28
1 Amended.	

weather and from traction batteries and from lead batteries. The main spur here has been from exports. The jump in lead prices hit car battery profits as there is a two to three month delay between the raw price increases and the rise granted by the car manufacturers to batteries. The changes at 245p are on a p/c of 6.5 and a yield of 3.4 per cent.

The group is concentrating on developing shopping centres in prime locations and hopes to commence work on the next centre later this year.

House-building will continue to be important and sizeable activity within the group. Its planned level of output for 1978-80 onwards has however been

reduced to lessen the effects that the cyclical nature of this industry might have on the group and to conserve valuable land stocks.

Income from housing operations will be used mainly to service the financial costs of developing further commercial schemes.

The directors aim is to build a stronger and more secure business, able to grow from its investment income, and which has a small but highly productive and profitable house-building operation. The emphasis will be on asset growth rather than on profit growth.

This summer will see the completion of the company's shopping centre in Kent, and the creation of investment income on a significant scale.

The Hempstead Valley Shopping Centre will probably come in at £900,000 per annum net rental income when completed. This investment in a commercial property scheme will continue as further projects are undertaken.

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The directors aim is to build a stronger

## UNITED STATES

	1977	1978		
	Units	%	Units	%
GM	5,148,131	46.1	5,385,381	47.6
Ford	2,552,210	22.9	2,582,702	22.8
Mitsubishi	1,219,752	10.9	1,146,258	10.1
Honda	184,361	1.7	170,739	1.5
Isuzu	nil	0.0	32,597	0.2
Total domestic	9,104,454	81.5	9,307,578	82.3
VW/Audi	493,048	4.4	441,800	3.9
Ford	388,278	3.5	338,096	3.0
Mitsubishi	224,633	2.0	274,876	2.4
Honda	216,454	2.8	239,306	2.1
Isuzu	678,000	5.7	706,422	6.2
Total imports	2,099,513	18.5	2,000,500	16.7
Total domestic and imported	11,203,967	100	11,308,078	100

## JAPAN

	1977	1978		
	Units	%	Units	%
Toyota	892,561	35.7	1,081,919	37.3
Nissan (Datsun)	755,420	30.2	834,500	29.2
Mitsubishi (Colt)	218,014	8.7	261,345	9.1
Toyo Kogyo (Mazda)	176,201	7.0	171,665	6.0
Honda	165,749	6.6	171,274	6.0
Fuji Heavy Ind. (Subaru)	94,653	3.8	80,111	2.8
Daihatsu	67,416	2.7	97,725	3.4
Suzuki	50,771	2.0	60,038	2.1
Isuzu	38,055	1.5	48,613	1.7
Total domestic	2,458,811	98.2	2,807,182	98.2
Total imports	41,821	1.8	50,374	1.8
Total domestic and imported	2,500,633	100	2,857,566	100

## UK

	1977	1978		
	Units	%	Units	%
BL	314,490	24.1	358,103	22.5
Ford	255,257	19.3	254,724	16.0
Chrysler UK	64,610	4.9	98,568	6.2
Vauxhall (GM)	80,660	6.1	95,803	6.0
Others	4,649	0.35	3,355	0.21
Total domestic	724,666	54.62	810,553	50.68
Ford imports	85,062	6.4	137,642	8.6
Datsun (Nissan)	82,133	6.2	101,735	6.4
Fiat	66,005	5.0	72,192	4.5
Renault	55,862	4.2	69,627	4.4
Vauxhall (GM)	39,949	3.0	35,190	2.2
Chrysler	15,120	1.1	13,998	0.9
BL imports	2,577	0.2	15,690	1.0
Other imports	253,878	19.2	338,995	21.3
Total imports	600,577	45.38	785,069	49.32
Total domestic and imported	1,331,588	100	1,591,927	100

## World car sales climb back up

By KENNETH GOODING, Motor Industry Correspondent

In the world's biggest new car market last year and the indications are that it has done even better in the early months of 1979.

Imported cars in the U.S. lost market share last year. But it is worth emphasising again the importance of the market to the Japanese who between them sold 1,336,677 new cars in France. They whisker away from over levels in Japan, the UK.

Volkswagen of America made its debut as a U.S. manufacturer in 1978 and this year seems sure to overtake American Motors as the fourth-largest domestic car concern. In West Germany the slight decline in VW's market share was probably caused by supply shortages as the group pushed 6 per cent of the as many cars as possible into

the U.S. at the beginning of 1978 to build up market share in preparation for local production which came on stream in the summer.

Perhaps the most significant trend in West Germany last year was the progress of the Japanese manufacturers in what is one of the few European markets where they face no strong political pressure to restrict their sales efforts. The Japanese now have close to 4 per cent of total West German sales compared with only 2.5 per cent in 1977 and they are continuing their marketing effort this year.

In their domestic market the Japanese fear that this year sales might fall from those of 1978. The best year for the Japanese, 1978, produced new

car registrations totalling 2,941,389 so 1978's result was not very far behind. Although there is some jostling for position in Japan among the domestic producers, Toyota and Nissan still outpace their rivals. The penetration of the Japanese market by car imports last year remained static at below 2 per cent.

France seems to have found an answer to the problem of dealing with the Japanese threat. Sales of Japanese cars in France last year not only lost market share but were also down in unit terms. A number of new products launched by the domestic French manufacturers in 1978—including Renault's R12, the Peugeot 305 and Chrysler's Horizon—were

all highly successful. This could have had as much to do with strong French competition as political pressure.

Ford's loss of market share in France was largely caused by the non-availability of the Fiesta—a popular car in that country—after the nine-week strike at the UK Ford plants and the disruption it caused to the whole of the group's European operations.

In spite of this difficulty, Ford managed to maintain its share of the total Western European market at 12.2 per cent and along with Peugeot it has the distinction of having a market share in most individual European markets.

In contrast, many of the other European indigenous groups

rely heavily on their home market. This is certainly true of BL, formerly British Leyland. Fiat and Renault importers have made the most of BL's weakness in the UK and pushed their share of the market to nearly 50 per cent. As the table shows, however, "captive" imports by manufacturers usually considered "domestic" are an increasingly important element in the overall total.

The 1978 figures for Italy are estimates. There is no doubt that General Motors has considerably increased its market share there thanks to the success of the diesel Rekord following changes to local regulations which make a large diesel-engined car a much more attractive purchase than before.

## WEST GERMANY

	1977	1978		
	Units	%	Units	%
GM	750,521	29.83	761,914	29.14
Ford	491,390	19.53	514,932	19.70
Mitsubishi	335,424	13.33	319,279	12.21
Honda	214,245	8.52	213,550	8.17
Isuzu	140,182	5.57	154,567	5.91
Peugeot/Citroen	9,800	0.39	11,368	0.43
Renault	452	0.02	600	0.02
Total domestic	1,942,624	77.19	1,976,210	75.59
VW/Audi	126,784	5.04	122,259	4.68
Fiat	92,981	3.7	107,970	4.13
BMW	97,172	3.86	85,031	3.23
Mercedes	55,240	2.20	51,724	1.98
Opel	23,404	0.93	21,639	0.86
Volvo	29,321	1.17	44,250	1.70
Volvo	10,557	0.42	16,315	0.62
Volvo	3,077	0.12	7,111	0.27
Volvo	185,390	5.38	171,888	6.57
Total imports	573,926	22.81	638,141	24.41
Total domestic and imports	2,515,950	100.00	2,614,351	100.00

## FRANCE

	1977	1978		
	Units	%	Units	%
Peugeot/Citroen	656,514	34.4	666,400	34.3
Fiat	641,081	33.6	664,500	34.2
Renault	179,909	9.4	198,200	10.2
Chrysler	6,663	0.3	8,968	0.5
Total domestic	1,494,472	77.5	1,529,968	79.2
Total imports	422,517	22.2	405,922	20.8
Total domestic and imports	1,906,989	100.0	1,945,000	100.0

## ITALY

	1977	1978*		
	Units	%	Units	%
Fiat	666,804	55.35	652,500	53.44
Alfa Romeo	79,722	6.62	90,500	7.41
Innocenti	20,818	1.73	15,800	1.30
Others	104	—	600	0.05
Total domestic	767,248	63.76	750,500	62.30
Renault	96,794	8.04	102,400	8.39
Peugeot/Citroen	90,896	7.55	86,300	7.07
Ford	67,108	5.58	65,300	5.59
GM	41,187	3.42	51,500	4.22
BMW	52,728	4.38	49,500	4.05
Chrysler	40,833	3.40	44,400	3.84
Others	46,615	3.87	59,100	4.84
Total imports	436,162	36.24	461,500	37.80
Total domestic and imports	1,203,410	100.0	1,221,000	100

# Rank and GEC merge Australian operations

BY ANDREW TAYLOR AND JAMES FORTH

The Rank Organisation and the General Electric Company of the U.S. have agreed to merge their Australian consumer electrical appliance operations. The deal will create one of the largest consumer electrical businesses in the country with an annual turnover of around A\$150m (£82m).

Under the terms of the agreement two new joint venture companies are to be formed Rank-General Electric Housewares and Rank-General Electric Major Appliances.

Rank Organisation will take a 75 per cent stake in each of the new ventures and will be responsible for management of the two companies—which will have combined net assets of more than A\$50m (£27.5m).

A spokesman for Rank said last night that General Electric would bring its greater technological experience and ability to the joint venture while Rank had wider marketing experience in Australia.

Last year Rank Industries Australia generated sales of £55.1m (A\$100m) and trading profits of £823,000. This compared with trading profits of £2.2m in the previous 12 months. However last year's profits were markedly affected by the continuing cost of the group's rationalisation programme in Australia.

Rank has been seeking to reduce its earlier dependence on the Australian colour television market where it says it has significantly reduced production. At the same time it has been increasing its production of other consumer electrical goods notably fridges and freezers.

A spokesman for Rank said that group sales of televisions in Australia peaked at 559m in 1976 generating record trading profits of £8.5m. Last year TV sales fell to £28.7m and profits to £54,000. Over the same period sales of white goods had risen from £1.7m to £26.4m.

The group said that this latest deal had the support of the Australian Foreign Investment Review Board. Mr. K. Russell, managing director of Rank Industries Australia said that the move was in accord with the

Australian Government's policy of rationalisation within the country's consumer electrical industry.

It has been agreed that the new venture will be able to use General Electric trademarks for its products.

Earlier this year Rank Industries Australia acquired a controlling interest in Kirby Furniture Holdings. Rank said that this acquisition and the General Electric deal would provide the group with a "wider base to take advantage of the improving Australian economy."

## WESTINGHOUSE/ HAWKER SIDDELEY

The court has sanctioned the scheme of arrangement by which Westinghouse Brake and Signal Company is to become a wholly-owned subsidiary of Hawker Siddeley group. All prior conditions having been satisfied, the scheme became effective yesterday.

## GROVEWOOD

Grovewood Securities, the investment holding subsidiary of investment group Eagle Star, has bought a 28.61 per cent stake in Hirsh and Mallinson, the textile manufacturer and distributor of catering equipment and pharmaceuticals.

The price that it paid for its stake was 42½ per share. Grovewood said yesterday, "We liked the management and the stock was going, so we bought it. But we are not going to bid."

## SCHLESINGER

Schlesinger Group of Companies has transferred its 61.1 per cent holding in United Kingdom Property Company from its UK resident group, Throgmorton Securities, to Iris Holding SA, its non-resident company.

As there is no change in management and effective control of United Kingdom Property, the City Panel has confirmed that no offer need be made to the minority shareholders of the company.

## CUSTOMAGIC

Mooloya Investments has purchased 831,031 Customagic ordinary shares (87.88 per cent)

# Sime-Guthrie decision today

BY JAMES BARTHOLOMEW AND WONG SULONG

The bid by Sime Darby (Holdings) for Guthrie Corporation, which values Guthrie at £154m, will be decided today.

By 2.30 pm this afternoon, Sime will either have swapped together acceptances and purchases of 50 per cent of Guthrie and will declare the offer unconditional or else it will have tried its best to let the offer lapse.

Sime confirmed yesterday that it still had acceptances for about 14 per cent in addition to its stake of just under 30 per cent. Sime must acquire the last 6 per cent in one transaction today to make the bid successful.

"We are hoping for some conditional purchases from the Far East overnight," said a spokesman for Sime. "These, together with conditional purchases in London could tip the balance. It's close as that."

Sime's bid has been made more difficult by the persistent buying of Guthrie shares by two of its most devoted supporters, Baring Brothers, Guthrie's financial advisers, and M and G Investment Management Company. These announced further purchases yesterday. Baring bought 97,000 shares last Friday at prices ranging between 52½p and 53½p and another 25,000 yesterday. M and G bought 100,000 shares on Friday at between 53½p and 55p in addition to the 110,000 already announced on the same day.

M and G funds now holds 12.9 per cent of Guthrie, worth £19.9m at Guthrie's closing price yesterday of 55p. Baring Brothers holds 382,000 shares worth £2m. Baring's published capital and reserves are £20m, but it also has undisclosed reserves.

Even if Sime's bid fails, it will still have been involved in considerable cost. At Sime's EGM in Kuala Lumpur yesterday, Tun Tan Siew Sin, the chairman, said that Sime had so far spent 45m Ringgit (slightly over £1m) on the bid in the form of underwriting fees and publicity.

Yesterday the Takeover Panel was still sifted the explanations offered by the interested parties. Meanwhile, Wilmot Breeden's board was hoping to meet today, or Wednesday, to discuss the 115p offer and whether its own representations to the Takeover Panel are necessary.

One shareholder at the meeting, which voted to approve the bid, complained that the Sime board had made a "strategic error" by postponing the meeting from February 19 to yesterday as this left the company only two days to buy up the crucial stakes.

## BROOKE BOND U.S.\$30M LOAN

Brooke Bond Liebig has completed arrangements for financing its subsidiary company, Brooke Bond (Australia) Pty., to enable that company to acquire Bushells Investments.

A Eurocurrency loan for the equivalent of some U.S.\$30m has been signed with a small group of banks, all of which have long-standing relationships with the BBL/Bushells groups. National Westminster Bank is manager.

The loan runs for ten years overall, with interest rates linked to the London interbank rate.

## OLYMPIA HAS 74% OF EPC

Olympia and York Developments has received acceptances of its takeover bid at 60p a share from holders of 71.1m ordinary shares of English Property Corporation, representing 74 per cent.

It has also received acceptances of its offers from 95 per cent of the EPC preference shareholders and 62 per cent of the holders of 6.5 per cent convertible loan stock.

The offers will remain open until April 9.

## TESCO

Following the announcement on March 22 Tesco Stores (Holdings) has now acquired the remaining 48 per cent in EPC.

All the conditions relating to the placing of ordinary shares of Tesco have been fulfilled.

# MINING NEWS

## Freeport growth plans come to fruition

BY PAUL CHESSERIGHT

STRENGTHENED by a 50 per cent rise in 1976 net earnings and the results of a four-year \$216m (£106m) capital investment programme, Freeport Minerals, the diversified U.S. group, expects income to rise again this year and in succeeding years.

Earnings so far this year are "on a satisfactorily higher trend in almost all of our activities," said Mr. Paul Douglas, the president, in his annual statement. Although market conditions may weaken later in the year, the outlook "appears to be quite favourable."

A large part of Freeport's investment has been in oil and gas over recent years and hydrocarbon exploration will continue. In the mining area, the opening of the Uncle Sam plant in Louisiana for the recovery of uranium from phosphoric acid represents the first part of the group's growth programme to come on stream.

Copper and gold are current priorities. Work towards bringing the \$100m Kintbury underground copper project in Indonesia to production at a rate of 4,500-6,000 tonnes of ore a day is being pushed ahead. The plant is due to start in 1981.

The group's gold subsidiary is seeking to convert a Nevada gold prospect to a development project—reserves are 43m tons of ore grading 0.3 ounces gold and could spend \$60m to develop a 2,000 tons of ore per day mining and milling complex by 1982.

The annual report noted that conditions at the Greenvale nickel project in Queensland—a joint venture with Metals Exploration of Australia—have improved. Although cobalt prices are still too low, nickel prices are still too high, and the debt burden is now £233.25m (£114.5m) against £202.7m at the end of 1977.

## ROUND-UP

Following the recent Australian Government approval given to Queensland Mines for the opening up of the Nabarlek uranium deposit in the Northern Territory, the latter area's administration has now issued a special mining lease for the development of the deposit. As already an-

## OIL AND GAS Indonesian oil sites on offer

THE Indonesian State oil company Pertamina is offering new oil exploration sites on a production sharing basis offshore the Natuna Islands, 200 miles north-east of Singapore and 600 miles north of Jakarta.

The sites offered are the Natuna Blocks A, B and C covering 5,020 square km and D-Two to D-Six covering 29,960 square km. Tenders are open between June 15 and October 15 this year.

Meanwhile preliminary commercial production has begun at the Udang A development well operated by Conoco under a production sharing agreement with Pertamina.

Output is currently more than 5,000 barrels daily of low sulphur oil. Production of the Udang field could reach daily average of 20,000 barrels by end-1979 if eight other scheduled wells are drilled on time.

A consortium of oil companies, with Cities Service as operator, have begun the first commercial oil production in the Philippines.

Oil, which is being produced at an average daily rate of 11,000 barrels, comes from two wells in the Nido complex off Palawan Island. Five wells are planned for the complex, which is expected to produce an average daily production of 40,000 barrels when development drilling is completed in August.

Other members of the consortium are Oriental Petroleum and Minerals Corporation, Basic Petroleum and Minerals, Landoll Resources and Philippine Overseas Drilling and Oil Development.

Nabarlek could be in production in about two years' time.

Jimberiana also announced that it has acquired a 50 per cent stake in a large potentially uranium-bearing area in Australia's Northern Territory. Next to Rum Jungle, the area lies to the north of the South Alligator River and exploration work is due to start as soon as the wet season ends at about end-April.

The company also intends to examine three small gold properties in production at around the turn of the century. Finally, Jimberiana is also on the trail of tantalite and the possibilities in the Pilbara.

## ATHERTON WEAK ON VUDA FEARS

Shares of Australia's Atherton Antimony slumped to 25p at one time yesterday before closing 28p down on balance at 28p following doubts regarding previously good gold assays from the Vuda polymetallic gold prospect in Fiji. Because of these, Atherton has called an extraordinary meeting called for April 3 to approve an increase in its stake in the prospect.

Under a recent deal Placer Development agreed to earn a 51 per cent stake in Vuda by carrying out an exploration programme and paying Atherton A\$2m (£1.15m). But latest check samples taken by Placer have been disappointing and have failed to confirm the results of Placer's previous sampling programme.

Further check assays are being carried out by an independent laboratory and, in the meantime, results of recent exploration work by the Fiji Mineral Resources Department at Vuda are expected to be released soon. When the latter are available Atherton and Placer will review the situation.

## L. RYAN HOLDINGS LIMITED

Pre-Tax Profits for the year to 31 December 1978, as already announced were £1.55m (£1.01m for year to 31.12.77).

Extracts from the statement by the Chairman, Graeme M. Metcalf, in the Report and Accounts.

**TRADING** United Kingdom "The figure of profit before tax of £1,018.361 has not been achieved previously in the history of your Company. The slippage at Cwmbran have been improved and provision made by the acquisition of land, to increase the capacity for blending and drying coal; substantial progress has also been made in modernising the tipper fleet of the undertakings."

Belgium "The operating profit before taxation of £333,984 is the highest yet attained despite the effect of a substantial reduction in the price of coal. This resulted from a fall in the value of the dollar with its effect on oil prices and the availability of Australian and South African coal brought to Europe at a time when freight rates were low."

**FINANCE** "During the year further progress has been made in strengthening the position of your Company. You will note that the £148,274 of unsecured loan stock was repaid on the due date and at the end of the year the long-term liabilities described in the accounts have been reduced by an amount of £138,962. (Remaining Long Term Liability £432,000.)

**PROSPECTS** In the United Kingdom "I do however anticipate, due to the energy situation, that your Company's products will be in great demand but it may well be that the excellent 1978 results will not be equalled in the current year. The aim is to make further progress in laying off the long-term liabilities this year and when this task is completed we can look forward to the resumption of dividend payments."

In Belgium "Present indications are that the sales price of our products will now recover and that world demand for coal will be affected by the Iranian crisis. These market forces together with the increased efficiency resulting from the concentration of plants make it reasonable to expect that Ryan Europe's results will be substantially improved."

The principal activities of the Company are the recovery of coal from discard tips, coal preparation, plant hire and transport.

Copies of the Annual Report for 1978 can be obtained from:

The Company Secretary,  
L. Ryan Holdings Limited,  
Caeplwyd Road, Cardiff CF4 4XL.

The Annual General Meeting is to be held in Cardiff on the 18th April, 1979.

## Federated Land & Building Company Limited

Year to 31st December, 1978

Profit before tax £923,000 (£863,000).

Earnings per share 4.46p (3.74p)

Dividend per share net 2.73p (2.30p)

Main points from the Statement of the Chairman, Mr. James H. P. Meyer

\* Profits up.

\* All interest accrued in the year has been written off including £612,000 relating to commercial developments.

\* First phase of Major Shopping Centre opened on schedule.

\* When completed will produce £800,000 p.a.

\* Proposed valuation of completed investment properties expected to show net asset value has been doubled to over £10 million.

\* Final Dividend 1.98p net.

Copies of the Company's Report and Accounts can be obtained from the Secretary, Federated Land and Building Company Limited, Federated House, London Road, Dorking, Surrey RH1 1SY after it is published on 5th April.

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# G. Weston may counter Thomson bid for The Bay

BY ROBERT GIBBENS IN MONTREAL

THE GIANT George Weston food distribution and manufacturing group of Toronto may make a counter bid for 51 per cent or control of the Hudson's Bay Company, in opposition to the C\$365m (U.S.\$312m) offer made on March 1 by the Thomson family.

Mr. W. Galen Weston, who is chairman of George Weston and son of the founder, said the company "is interested in acquiring control of Hudson's Bay Company to create a strong and diverse merchandising organization owned by Canadian."

The Weston group, founded by the late Garfield Weston, owns the largest food distribution business in Ontario and has major subsidiaries in the U.S. It also has a major pulp and paper company.

If the Weston group goes

ahead with its counterbid, it would have to beat the C\$31 a share offer by the Thomson family, made through two private Toronto-based holding companies.

Last Friday, the Bay directors recommended shareholders to reject the Thomson offer on the ground that it did not reflect the growth and future worth of the Bay shares. One director, Mr. Joseph Segal, however, said he would tender his shares under the Thomson offer for special reasons of his own. However, the Bay directors did not hint at the possibility of a counteroffer and said none had been received.

The Weston Group said a further announcement would be made later this week concerning the possibility of its making a counterbid. The Thomson bid expires on April 6.

## VW of America averts assembly plant shutdown

BY JOHN WYLES IN NEW YORK

VOLKSWAGEN OF AMERICA has secured an agreement with the United Autoworkers Union to avert a strike which would have shut down its new \$350m assembly plant at New Stanton, Pennsylvania.

Last Monday the UAW issued a five-day strike notice on behalf of 3,300 production workers because of failure to resolve grievances over work standards and safety and health issues. These are specifically excepted from a "no strike" clause in the company's three-year contract with the union signed last October.

Both sides have attributed subsequent problems including a short unofficial stoppage in January, to the inevitable grievances associated with the start-up of a new plant.

On Friday agreement was reached on a settlement of 16 specific grievances over work standards which the company

had been unable to meet while others were doing less."

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**THE MITSUBISHI BANK, LIMITED**  
**SOCIÉTÉ GÉNÉRALE**  
**TORONTO DOMINION BANK**  
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THE BANKS WERE ASSISTED IN BRAZIL BY BANCO LAR BRASILEIRO S.A.

MARCH 8, 1979

Some of the smaller fast food chains are closing outlets in the U.S. in the face of rising material and labour costs. Here, Marlyn Edie, in Chicago, pinpoints steps being taken by market leaders to sustain past growth rates

# Fast food groups look to Europe

THE PACE of expansion into European markets by the major names of the U.S. fast food industry shows signs of a rapid increase in response to tightening competition inside the home market. The hamburger, having proved itself the most easily exportable product, is spearheading the thrust into Europe.

Joining McDonald's and Burger King in the bid for the overseas hamburger customer, the latest entrant into Europe will be Wendy's International, parent of Wendy's Old Fashioned Hamburgers. Wendy's is ready to open in Munich and is eyeing the possibilities of following suit in England and Japan. In mid-February, the 1,407-unit chain announced that J. C. Penney, the \$10.8m U.S. retailer, is interested in developing and operating Wendy's restaurants in Belgium, Luxembourg, France and the Netherlands.

Limited growth opportunities and competitive pressures at home in the U.S. may be prompting the moves abroad. Last year, the fast food industry sold \$21bn worth of burgers, shakes, fries, fish, pizzas, chicken and doughnuts through its grills, deep fat fryers, ovens and cash registers—a 23.5 per cent gain over 1977. But independent industry analysts warn that such momentum cannot be maintained, given increasing signs of consumer resistance to escalating prices—McDonald's prices jumped 11 per cent in 1978—the dwindling number of prime site locations, rapidly rising material and labour costs and a limit to the number of burgers and milk shakes the U.S. public can consume.

Already, some smaller fast food chains are closing outlets and paring scheduled openings. Excluding gains from price increases and new store sales, McDonald's 1978 total sales were hardly changed from 1977. And industry analysts expect that 1979 will be even tougher, as an economic recession looms and the competition intensifies.

Hamburger's dominate America's fast food industry, generating \$10bn in yearly sales. McDonald's has long identified with the children's set, although its heaviest users come from the 20 to 34 year age bracket. And

cent for Pillsbury's Burger King unit and two per cent for Wendy's.

But the figures belie the dynamics. Some industry sources say Wendy's may usurp Burger King's position in the nine year old chain can sustain its historic growth record.

Although few observers suggest that McDonald's will lose its crown, they suggest that relative market share will change. And Wendy's, they hint, is the chain to watch.

Since its single store beginning in Columbus, Ohio in 1969, Wendy's has shown a truly explosive growth record. The company watched its sales rocket by 84 per cent to \$783m in 1978. Wendy's will build about 500 outlets in 1979, following a similar path last year.

Wendy's has carved out a comfortable niche as a purveyor of fast food hamburgers for adults and older teens. By contrast, McDonald's has long identified with the children's set, although its heaviest users come from the 20 to 34 year age bracket. And

marketing approaches or additional menu selections to secure a larger share of the fast food market, Wendy's seems content to keep on doing what has brought it almost overnight success.

McDonald's will begin marketing itself more as a "family eating place" seeking to attract older customers, and hopes breakfast and dinner business will improve and boost average store sales. Burger King is adding non-beer items to offset rising meat prices, is considering a breakfast meal and is aggressively chasing the children's market.

But Wendy's executives insist the menu will remain unchanged and stress their fundamental tenet of specializing in a few items and providing a better product than the competition.

While the rest of the industry struggles to adapt to dictatorial tastes, the long term viability of Wendy's rigid formula in the U.S. and abroad will undergo a mighty test.

## Motorola sees further improvement in earnings

BY JOHN LLOYD

MOTOROLA, the U.S. communications and semiconductor multinational, expects record sales and profit this year, according to Mr. Stephen Levy, the company's senior vice-president.

Sales last year were a record \$2.2bn, while earnings totalled \$125m or \$4.04 a share, also a record.

In London yesterday, Mr. Levy said that the strategy of selling primarily to commercial government and industrial users rather than consumers would continue.

Part of that growth depended on the company's increased involvement in international markets. "Over the past ten years we have extended our worldwide operations so that we now have 24 major facilities in 16 countries; 10 of these facilities are in Europe; three in the UK, two in France, and one each in Italy, Denmark and Switzerland."

Mr. Levy said that he saw continued increased investment and employment in the company's U.K. operations, especially

in the semiconductor plant in East Kilbride, which opened a \$15m extension late last year. He thought that, in time, the plant would take on a design facility of its own "if the market justifies it, and I think it will."

The company's order book for semiconductors was up more than 50 per cent at the end of last year. Sales of semiconductors internationally accounted for 37 per cent of its production, up from 10 per cent ten years ago.

"In our estimation, the international market excluding the U.S. for semiconductors will grow from 60 per cent of the total world market in 1978 to 66 per cent of the world market by 1985. This represents a potential market of approximately \$85bn."

However, the communications group's profit margins had declined due to federal health care market weaknesses. Against this, the recently opened UK communications division experienced 30 per cent growth over the year.

The closures were almost certainly recommended by a new study completed late last year by McKinsey and Company, the management consultants. The investigation, at a reported cost of \$1m, is understood to have arrived at broadly the same conclusions that A and P must shrink in size that a similar Boots Allen and Hamiton study contained nearly four years ago.

A and P says that the closures, for which it has set up a \$40m reserve, will be cash generating and will add to an already strong cash position. The company lost \$15.9m in the first nine months of fiscal 1978.

Mr. Richard Doyle, A and P's executive vice-president and chief financial officer, said yesterday that following Tengelmann's acquisition of 42 per cent of voting control in the company, A and P expected to look closely at the prospect of opening so-called "limited assortment stores." These are Tengelmann's specialty in West Germany and are about half the size of a conventional U.S. supermarket and carry more low cost items.

## A and P to close 174 grocery stores

By Our New York Staff

GREAT ATLANTIC and Pacific Tea Company, now 29 per cent owned by West Germany's Tengelmann Group, is to close 10 per cent or 174 of its grocery stores in a fresh search for profitability.

The closures, which will affect 8,000 employees, will all take place in the next two weeks.

The condemned stores are in Milwaukee, Pittsburgh, Cleveland, New England and Chicago.

The move caps an extraordinarily radical pruning operation which began four years ago and has already lopped about 1,700 stores off the A and P businesses. But the new closures are different to the extent that they will virtually remove the company from entire markets. This is in line with the view that promotion and distribution costs are best reduced by closing a cluster of stores rather than scattered outlets.

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## Sharp upturn at Varig

By Diana Smith

In Rio de Janeiro

VARIG, Brazil's major, and oldest airline, founded 52 years ago, declared a Cr 1.096bn (\$434m) net profit for 1978, compared with Cr 630m (\$28m) in 1977. This was a nominal increase of 74 per cent and real increase of 23.6 per cent when Brazil's 40.8 per cent annual inflation is taken into account.

The airline, which operates a fleet of 51 aircraft, made up of 38 jets, including four DC-10s, 11 Boeing 707s, nine Boeing 727s and 10 Boeing 737s, carried 3.73m passengers in 1978, compared with 3.48m in 1977, on domestic and overseas routes, with revenue Cr 11.4bn (\$507m). Net assets, at the year's end totalled Cr 4.34bn (\$193m).

In 1978, Varig's Board states, the company's own resources grew from 53.8 per cent to 65.2 per cent of its Cr 579m accumulated funds.

A financial deficit in 1976 and 1977—circulating assets less circulating liabilities—was converted to a financial surplus of \$68m by the end of last year.

On January 24 this year, Varig increased its capital by share subscription from Cr 1.120m (\$49.9bn) to Cr 1.290m (\$57.4m). Current asset value per share is Cr 3.43 (15 U.S. cents). In 1978, Varig's share values rose by one of the highest rates on either the São Paulo or Rio de Janeiro stock exchanges for the year, 230.2 per cent and 279.4 per cent, respectively.

## AT and T ruling

American Telephone and Telegraph (AT and T) failed to get a Supreme Court hearing separate case being used against it in a Federal anti-trust case, reports Reuter from Washington.

## EUROBONDS

# DM issue for Credit National

By FRANCIS GHILLIE

TWO FOREIGN Deutsche-Mark bonds—a public issue for the French Credit National and a private placement for the South African Oil Fund (SOF)—opened the calendar of new issues in this sector of the bond markets for the next month.

A maximum of DM 770m worth of foreign DM bonds will be floated over the next few weeks, if one includes a DM 100m issue for the Council of Europe, which BEIR Bank will bring to the market on April 18. As it is for a supranational entity, this issue is not technically included in the calendar.

Indicated terms for the DM 100m which Westdeutsche Landesbank is arranging for the Credit National include a maturity of 10 years and a coupon of 8% per cent. The bonds will have an average life of eight years and are expected

to be priced at 99%. The DM 50m private placement for the French Credit National and a private placement for the South African Oil Fund (SOF) is expected to be priced at 98% per cent. This bullet issue is expected to be priced at a discount.

Other issues in the calendar include DM 70m for Mitsubishi Chemical through Deutsche Bank (April 6), DM 100m through Desider for a European address, an issue which was originally expected last week (April 9), a DM 200m for Tokyo Electric through Westdeutsche Landesbank (April 18) and a DM 150m for an Argentinian borrower through Deutsche Bank (April 19-20).

Two further issues are expected before the end of April, one for DM 100m through Desider Bank and the other for DM 75m through Commerzbank. Some German bankers are worried that the volume of new issues planned for the next four weeks is more than twice the volume of bonds effectively offered in the market over the last four weeks. Others, however, are confident that if the banks avoid offering borrowers terms which are out of line with market expectations, all will be well.

Prices of seasoned DM bonds did not react one way or the other to the news of the new calendar.

In the dollar sector a \$100m convertible issue was announced for the Texas-based drilling equipment company, Gulfstream Houston, through Midland Feedbody. The maturity of this issue is 5 years with an average life of 2.5. The coupon is expected to be between 8% and 9% per cent and the conversion premium set at between 20 and 22 per cent.

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	day	week	Yield	Change on
STRAIGHTS							
American Ex. Int. Bk 78	200	\$62	\$62	0	+0%	9.81	
CEFC Fin. Co. 78	50	\$65	\$65	0	+0%	9.85	
Canada Svcs. 78	300	\$62	\$62	0	+0%	9.84	
Dow Chem. O/S Bk 78	200	\$74	\$74	-2	+0%	9.93	
EIB Bk 78	150	\$64	\$64	0	+0%	10.01	
Export Dev. Cn. Bk 78	100	\$70	\$70	0	+0%	9.88	
Expo Dev. Cn. Fin. 78	700	\$74	\$74	0	+0%	9.81	
Expo Dev. Cn. Fin. 78	100	\$70	\$70	0	+0%	9.88	
Finland Bk 78	50	\$62	\$62	0	+0%	9.82	
GTE Fin. 78	50	\$62	\$62	0	+0%	9.82	
Gulf Int'l Fin. B							

## Ente di Roma increases earnings and dividend

By GUY CORNWELL IN ROME

IRD increase in net profit of over 30 per cent. A jump of over 30 per cent in overall deposits were by the Banco di Roma last year has underlined boom conditions in the Italian banking sector in 1978.

One of the "big three" controlled by Istituto Strozzino Industriale, creating its dividend L600 (equivalent to £10 per share from the year before). It rose to L10.5bn (£1.7m) the year, while total both lire and foreign

currencies climbed by just under a third to L14.71bn (£1.75bn). The total of credits extended at the end of last year stood at L10.588bn (£12.6bn), up 35 per cent from 1977. Banco di Roma's own resources, including provisions for bad debts, rose by one-fifth to L324bn.

Another major increase in both earnings and activity was reported at the weekend by the Banca Cattolica del Veneto, which while only 21st among Italian banks measured by deposits, ranks third in terms of profits.

The bank is paying a dividend

of L210 per share against the equivalent of L175 the previous year. Its deposits rose by over 26 per cent during 1978 to L3.125bn by the end of the year.

Its earnings meanwhile advanced less sharply, to L30.5bn (£24.3m) from L18bn in 1977.

**Fiatmeccanica**, the Italian state-owned holding company grouping several mechanical firms, said its turnover rose by 18.2 per cent to L405bn in the first two months of this year.

AP-DJ reports from Rome.

Orders received in the period amounted to L587bn.

## Centive predicts profit rise

By KAYFETZ IN STOCKHOLM

In the Swedish group with a number of small and consumer companies, predicts in its report that 1979 will be "at a higher level than recent years." Earnings were SKr 74.6m up slightly from 1977, and significantly higher than profits during the three years.

Incentive sees 1978 earnings per share as SKr 20, compared with SKr 19, and the group reports a net profit after taxes of SKr 29.4m. The board has recommended unchanged dividends.

Turnover of the five companies which showed losses in 1978.

Last year's group turnover was SKr 2.31bn (\$531m), nearly 11 per cent higher than in 1977.

Incoming orders were up 22 per cent compared with 1977, and the order backlog at the close of 1978 stood 22 per cent higher than a year earlier, the annual report stated.

Incentive says 1978 earnings per share as SKr 20, compared with SKr 19, and the group reports a net profit after taxes of SKr 29.4m. The board has recommended unchanged dividends.

## Growth in deposits for Laenderbank

By LENGYAI IN VIENNA

ÖSTERREICHISCHE LAENDER BANK, one of Austria's "big three" banks, plan to pay a dividend of 10 per cent. Dr. Wolfgang Endl, in the board, said it was a successful year.

It opened 28 new branches in 1978, raising the Laenderbank up as a whole, the branches at the end reached 201. Consolidated balance sheet by 17.2 per cent to Sch. 900m basic (86.3bn) and that underbank group by 17.2 per cent to Sch. 108bn. The

Laenderbank itself has opted for prudence rather than for all-out expansion in foreign business, according to Dr. Endl, who added that the foreign exchange share accounted for 26.7 per cent of assets and 24.9 per cent of liabilities.

Deposits were up by 18.6 per cent to Sch. 81.5bn. Savings deposits rose by 17.1 per cent to Sch. 20.5bn, a much faster growth rate than the 7.2 per cent of 1977. Interest income was 10 per cent higher at Sch. 993.1m. Commission income was up by 6.8 per cent to Sch. 522m. Cash flow was virtually static at Sch. 532m.

Turning to the industrial

holdings of the Laenderbank, Dr. Endl said that the total labour force was raised by 200 to 18,500 last year, with turnover 12 per cent higher than the previous year's level of Sch. 12.9bn as the result of rationalisation and reorganisation measures.

For AG, the building company reported a turnover of Sch. 3.12bn and a labour force of 4,780. Turnover this year is likely to be 31 per cent higher.

Chemiefaser Lenzing, the man-made fibre producer,

achieved sales of Sch. 2.7bn in 1978, with exports accounting for Sch. 2bn. Due to the unsatisfactory price situation, no dividend is likely to be paid for 1978.

This announcement appears as a matter of record only



## Brooke Bond Liebig Ltd

**US \$30,000,000**

Eurocurrency loan

to finance its expansion in Australia

Provided by

Australia and New Zealand Banking Group Limited

Bank of New South Wales

International Westminster Bank Limited

Morgan Grenfell & Co. Limited

Arranged by

National Westminster Bank

## Volvo in talks on Dutch interests

By Charles Batchelor in Amsterdam

THE SWEDISH car-maker Volvo and the Dutch Government are discussing a long-term plan for Volvo Car which would take the Dutch company up to the end of the 1980s. A Volvo Car spokesman declined to give details of the plan, but said a Dutch magazine report that it was worth F1.1bn (£500m) was "very much exaggerated."

He also denied suggestions

that Volvo would pull out of its 55 per cent holding in its Dutch subsidiary unless the Government, which indirectly owns the remaining shares, increases its aid to the company. In January 1978, the Government raised its stake from 25 per cent and provided an aid package worth F1.200m. This was meant to see Volvo Car through until it reached break-even point in 1981.

Volvo Car accounts for more than a quarter of the Swedish company's total car production and is an essential part of the group operations,

the spokesman said.

The five loss-making companies included the two which produce mainly consumer goods—the fishing equipment company Abu which lost Skr 7.7m on a turnover of Skr 145.6m, and the art glass company Reffors which was Skr 5.5m in the red on sales of Skr 96.9m. Abu is cutting back staff and taking over its own North American marketing.

Mr. Stern said he expected significant cost reductions to be achieved by improving the vertical integration of the company and terminating unprofitable product lines to compensate for rising raw material prices especially in plastics used for many Braun products.

The Braun chairman declared that raising the company's profits and improving its profitability were his main goals for the Gillette subsidiary which he said contributed about 25 per cent of the U.S. parent's turnover in the last business year.

Braun said in its annual report that it would offer dividends of 17 per cent on common stock and 18 per cent on preferred shares.

Its worldwide sales amounted to DM776m, down from DM812m the previous business year. Sales of the parent company totalled DM535m, down from DM574m the year earlier.

Mr. Stern said that the drops in world and parent company sales could be attributed to exchange rate fluctuations and general economic conditions.

AP-DJ

## Turkish recession hits major industrial group

By METIN MUNIR IN ISTANBUL

REAL GROWTH of the Koc group, Turkey's biggest private industrial conglomerate, slumped to a mere 1 per cent in 1978 from 35 per cent the previous year.

The decline is indicative of the damage that the Turkish recession, now in its third year, is inflicting on private industry, among the fastest growing in the 1980s.

Other figures disclosed by Mr. Rahmi Koc, the group's executive committee president, also underline negative developments. Overall capacity usage in 1978 was around 55 per cent.

New projects could not be implemented owing to foreign currency constraints. At about \$25m, exports were only half of

the targeted figure. In the past two years, moreover, Koc plants have laid off 5,000 workers.

"Performance for this year is likely to be worse than last year," said Mr. Koc. This also appears to be the general impression of Istanbul's business community.

Despite the drop in production, however, Koc's turnover and profits in 1978 were higher than ever, the former exceeding the equivalent of \$2bn.

"This is a profit of inflation," said Mr. Koc, fiddling a string of worry beads. "It is unhealthy."

The industrialist said that his group's policy this year would be to complete projects in the pipeline rather than engage in new ventures. He would continue

"economising" on manpower, indicating that layoffs would continue. Expenditure would be cut down. In future, the group would direct itself towards export-oriented fields like tourism, foodstuffs and overseas contracting.

"Exports have become a matter of life and death," said Mr. Koc.

Like most private industrialists in Istanbul, Mr. Koc is depressed and displeased with the economic policies of Prime Minister Mr. Bulent Ecevit's left of centre government. The government, he says, is hostile to foreign capital investments and unfriendly to Turkish private industry despite its comments to the contrary.

## French toy company plans U.S. acquisition

By David White in Paris

THE leading French toy group, Compagnie Generale du Jouet, has reached a preliminary agreement to take over Revell, the U.S. maker of plastic model kits.

M. Bernard de Lausun, general manager of the French company, said he expected the take-over to be completed within the next few months, subject to approval by Boards of both companies and by governments.

The preliminary accord with Revell's main shareholders envisages that the group will pass into 100 per cent French ownership.

The planned take-over, the latest in a recent series of U.S. ventures by French companies, ranging from the motor industry to tourism, will not only give CGJ a major foothold in the U.S., but will also fill an important gap in the range of toys produced by its four manufacturing subsidiaries.

M. de Lausun would not comment on the reported purchase price of \$8 per share. Financial details would not be disclosed until they have been put to the company's Board of Directors.

CGJ, which is privately held, would ask its shareholders to subscribe to a capital increase to help finance the take-over, he said.

According to the French company, Revell had a turnover of \$475m last year and made a net loss of \$2m. But M. de Lausun said the loss was exceptional, and that he was confident of Revell's underlying profitability.

The CGJ group, which imports toys, as well as making them, had 1978 sales of FFr 315m (£574m). Its main shareholders are Compagnie Financiere, a holding company controlled by M. Edmond de Rothschild, another holding company belonging to the Franco-Belgian Empain group, and Societe Darblay, a paper manufacturer.

## Braun forecasts sharp upturn

By LANCE KEYWORTH IN HELSINKI

FRANKFURT

Braun AG, a subsidiary of Gillette of the U.S., said that its net profit for the year to September 30 totalled DM12.6m (£6.7m), on sales down by 6.3 per cent from the year earlier when earnings were DM10.1m.

Looking forward to the results of the present business year, Braun's managing board chairman, Mr. Paul Stern, said:

"I'm quite bullish," explaining that he expected a dramatic improvement in productivity as the result of investments undertaken in the last business year.

Group turnover showed a rise over 1977 of 0.7 per cent to Sw Fr 386.4m. The Board is to recommend distribution on an unchanged dividend of Sw Fr 21 per share.

Swiss Food company Roco Conserven Rorschach announced a sharp reduction in dividends to Sw Fr 6 per nominal share and Sw Fr 30 per bearer share for 1978 from Sw Fr 11 and Sw Fr 55 respectively. Reuters reports from Zurich.

Net profit last year fell to Sw Fr 1.22m from Sw Fr 2.33m in 1977.

The company, which has a

share capital of Sw Fr 20m, said the result was partly due to the poor performance by companies in which it participates in Ireland.

ing subsidiaries, turnover of the Wartsila group rose to DM2.27bn.

Order books stood at FM 2.4bn at the end of the year, about the same as at the end of 1977. Some of the 14 new ship orders had to be booked at rather low prices but this was offset by the increase

in orders for diesel engines and for machinery for the wood processing industry.

Exports accounted for 78 per cent of the company's invoicing in 1978. It succeeded in winning new markets in South America and Japan, while maintaining its position in its traditional markets.

This announcement appears as a matter of record only.

## Republic of Ecuador \$250,000,000 Notes

Private placement of these Notes has been arranged by the undersigned.

**Loeb Rhoades Hornblower**

Amsterdam Dusseldorf Frankfurt Hamburg Hong Kong  
Lausanne London Lugano Munich New York Paris Tokyo

March 1979

Loeb Rhoades, Hornblower International Limited,  
55 Grosvenor Street, London W1X 9DB.

All of these securities have been sold. This announcement appears as a matter of record only.

March, 1979

**U.S. \$50,000,000**

## Banco de la Nación Argentina

Floating Rate Notes 1986

Salomon Brothers International

Banque Nationale de Paris

Lloyds Bank International Limited

Merrill Lynch International & Co.

Société Générale

Credit Suisse First Boston Limited

Fuji International Finance Limited

Manufacturers Hanover Limited

National Bank of Abu Dhabi

Sumitomo Finance International

Westdeutsche Landesbank Girozentrale

March 1979

## THE WHITE GOODS BATTLE

## Email increases its Kelvinator offer

BY JAMES FORTH IN SYDNEY

EMAIL has come back with a second, but partial, takeover offer for Kelvinator Australia, the Adelaide-based white goods maker. Email announced at the weekend that it planned to acquire up to 50 per cent of the capital of Kelvinator with an offer of A\$2.30 cash a share. The renewed offer follows several days of heavy share market trading since Email withdrew its initial share and cash bid on Thursday.

Email has been in the market but has met solid opposition from an unidentified buyer. The market contest quickly took the price above the A\$1.60 value of

the original Email approach. At the weekend, before Email announced its new offer, Kelvinator shares closed on the market at A\$2.32. Yesterday they rose a further 10 cents to A\$2.42, with both Email and the other buyer in the market.

Under stock exchange listing requirements, now that Email has again announced an offer it must disclose, by noon today, the amount of its Kelvinator purchases, and the prices paid. It must also lift its partial offer to the highest price it has paid.

Email at the weekend placed newspaper advertisements which claimed to set out the background to its bid. Email said that the idea of the two companies conferring to explore

the feasibility of rationalising the appliance industry was first mooted by Kelvinator, and meetings had taken place from July, 1977, and continued into 1978.

In reply, the Kelvinator board said that the company had initiated discussions at management level with Email and other companies in the appliance industry in line with the Australian Government's policy on rationalisation.

In some cases, Kelvinator had been successful in achieving product rationalisation "but this was not possible in the discussions with Email in 1977 and early 1978," they added.

## Fairfax issue launched as profits rise

By Our Sydney Correspondent

JOHN FAIRFAX, the media group, has announced a one-for-four scrip issue after a 31 per cent increase in earnings, from \$A4.9m (\$US8.5m) to \$A6.5m in the December half-year.

The interim dividend has been set at 4.25 cents a share, compared with 3 cents in the first half of 1977-78. It will be paid on the increased capital, resulting in a slight improvement for shareholders.

The directors said the group's five Sydney newspapers operated profitably, taken as a whole, compared with a substantial loss in the same previous period. Of the \$A6.5m profit, television contributed \$A2.8m, newspaper, magazine and radio \$A2.8m and investments another \$A700,000.

The higher result followed a sales gain of almost 38 per cent from \$A10.6m to \$A14.6m. The directors cautioned that they did not expect the profit growth to be maintained for the rest of the year.

Meanwhile the diversified industrial group Burns Philp has launched a \$A10m counter bid for Adelaide-based milling, packaging and shipping group, William Charlick. The offer comes five weeks after Southern Farmers Holdings, which is closely associated with corporate takeover specialist, Industrial Equity Ltd. made a cash bid worth just over \$A8m.

## EGYPTIAN BORROWING

## Welcome for Eurocurrency move

BY OUR CAIRO CORRESPONDENT

EGYPT'S exploratory move into the Eurocurrency capital markets to raise funds under its own guarantee is likely to be favourably received.

This is the consensus of opinion in foreign banking circles in Cairo to last week's news that the Egyptian Government had given a mandate to SDR 125m of the second and third tranches of the IMF arrangement.

Speculation abounds as to why Egypt—currently fairly flush with foreign exchange—should want to raise money now on the Euromarkets.

Apparently, Hamed al-Sayeh, the Minister of Economy, wanted to establish Egypt's international credit rating on the crest of a peace treaty signature—against, it seems, the better judgment of certain top officials at the Egyptian Central Bank.

This is important for Egypt. Only two years ago, in the wake of the January bread riots, the country was on the brink of bankruptcy. The \$260m Euro-dollar loan soon afterwards sponsored by Chase Manhattan Bank was guaranteed by GODE, the Gulf Organisation for the Development of Egypt. This latest loan will be an entirely Egyptian affair.

The government may also run embarrassingly short of day-to-day cash if negotiations with the IMF do not produce positive results—which seems a distinct likelihood at present. Indeed, last summer's \$600m Special Drawing Rights (SDR) extended credit agreement may have to be renegotiated because guidelines have been consistently broken. The government has not had recourse to SDR 125m of the second and third tranches of the IMF arrangement.

ment and stands to lose a further SDR 50m for the fourth tranche due in mid-May.

Although the Arab oil states' direct economic hold over Egypt is now minimal, cutting the payments to those agreed at the Khartoum and Rabat summits could find Egypt short by around \$200m a year. Furthermore, \$400m in Eurodollar borrowings were written into this year's budget.

The latest Eurodollar loan, therefore, kills two birds with one stone—establishing Egypt's credit rating and providing day-to-day financing.

Of the borrowing itself, \$200m will be for specified development projects (mostly in the

electrical power sector) within the five year plan and the remaining \$100m will be used to help finance four DC10s which Egyptair has signed a letter of intent to purchase.

Although the borrower is the Central Bank of Egypt and the guarantor is the Government of Egypt, the two loans are for all intents and purposes separate entities, only having in common an approximate maturity date of eight years.

The \$200m loan is being pitched 1% per cent above libor for three-year period, and 1% for the remaining five years of its life. The aircraft loan is a flat 1% per cent above libor and has a grace period extending six months beyond the delivery of the first aircraft in the third quarter of next year. The last payment is due in September 1986.

Unlike the \$200m portion which is essentially an all-purpose balance of payments loan, the aircraft credit is being carefully dovetailed into U.S. Eximbank funding.

According to banking sources here, Eximbank is considering up to 4% per cent of the \$15m cost of the DC10. For Egypt, the participation of Eximbank will be almost as important as the Eurodollar loan itself in establishing the country's credit ratings.

## Hongkong Wharf raises dividend

By Anthony Rowley in Hong Kong

HONGKONG AND Kowloon Wharf and Godown Company's profits after tax for the year to December 31 rose 55.9 per cent to HK\$120.6m (\$US34.5m) from HK\$77.3m in the previous year.

The Board has declared a final dividend of 75 cents a share, making a total distribution for the year of 90 cents—an increase of 38.4 per cent over the previous year's total payout.

Earnings per share rose 40.4 per cent to HK\$1.25 after adjusting for an increase in share capital arising from the conversion of convertible loan stock and the exercise of bearer warrants attached to a loan stock.

Investment properties in the fields of warehousing, retail shops, offices and residential properties had high occupancy levels and yielded increased revenues, the Board said, while hotel interests in Hong Kong and Singapore benefited from increased tourism in both countries.

Public transport subsidiaries (which include the Star Ferry and Hongkong Tramways) had a good year, along with cargo handling facilities. "The programme for the development of the group's real estate holdings is proceeding well," the company said.

However, although the amount available for distribution to shareholders increased by a similar proportion, to HK\$71.7m, China Provident is in fact reducing its final dividend payment.

## Six Japanese shipbuilders plan reduction in payout

BY YOKO SHIBATA IN TOKYO

SIX MAJOR Japanese shipbuilders have announced plans to cut their dividends for the current fiscal year ending March 1979. Among the six, Mitsubishi Heavy Industries (MHI) will reduce its dividend by less than the others.

Mitsubishi Heavy Industries' business performance for fiscal 1978 is far worse than expected, with a dip in sales and new ship orders which were hit hard by yen appreciation. The company sees a sales decline of 15 per cent to Y255bn (\$298bn in fiscal 1977). This is Y40bn short of its original target. MHI faces difficulties in covering its shipbuilding losses by earnings elsewhere. However, with sales of securities of Y15bn, MHI plans to generate Y15bn (Y45bn in 1977) of operating profits and

net profits of Y10bn (Y15bn in fiscal 1977).

Ishikawajima-Harima Heavy Industries (IHI) seems to have little choice in cutting its dividend. On one hand, it is faced with a Y30bn bill to finance 4,610 voluntary retirements.

Mitsui Shipbuilding and Engineering's ship exports accounted for more than half of turnover which was hit hard by yen appreciation. The company sees a sales decline of 15 per cent to Y255bn (\$298bn in fiscal 1977). This is Y40bn short of its original target. MHI faces difficulties in covering its shipbuilding losses by earnings elsewhere. However, with sales of securities of Y15bn, MHI plans to generate Y15bn (Y45bn in 1977) of operating profits and

Sumitomo Heavy Industries is similarly unable to cover its shipbuilding losses. The company estimates its sales at Y300bn down 12 per cent from the fiscal 1977 level. The shipbuilding sector was not balanced by other divisions such as motor-cycles and general engineering, and exports of motor-cycles also dwindled because of the yen appreciation.

Hiroshima Shipbuilding and Engineering still depends upon its marine division more than the others. As a result, the company was hit by the heavy

slump in the world shipbuilding sales of its assets.

## China Provident boosts earnings

BY ANTHONY ROWLEY IN HONG KONG

CHINA PROVIDENT, a property-development subsidiary of Hutchison Whampoa, has announced consolidated after-tax profits of HK\$75.45m (\$US15.33m) for the year to December 31, an increase of 49 per cent over the previous year.

However, although the amount available for distribution to shareholders increased by a similar proportion, to HK\$71.7m, China Provident is in fact reducing its final dividend payment.

This is being done pending a decision on funding options for a number of the company's developments.

Design and planning for the development is completed, and as soon as re-zoning is agreed with government and a conversion premium agreed development will begin—probably around the end of the third quarter of this year.

## THE SANTAMA BANK, LTD.

Negotiable Floating Rate U.S. Dollar Certificates of Deposit  
Maturity date 30th September 1981

In accordance with the provisions of the Certificates of Deposit notice is hereby given that for the six-month interest period from 27th March 1979 to 27th September 1979 the Certificates will carry an Interest Rate of 11% per annum.

Agent Bank  
Hill Samuel & Co. Limited,  
London

This announcement appears as a matter of record only.

## EUROPISTAS CONCESIONARIA ESPAÑOLA, S.A.

Yen 6,900,000,000

Term Loan

PARTLY GUARANTEED BY

The State of Spain

MANAGED BY

The Sumitomo Bank, Limited

CO-MANAGED BY

Crédit Lyonnais, Tokyo Branch

The Nippon Credit Bank, Ltd.

Sumitomo Mutual Life Insurance Company

FUNDS PROVIDED BY

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Crédit Lyonnais, Tokyo Branch

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The Sumitomo Trust and Banking Company, Limited

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The Daihyaku Mutual Life Insurance Company

ARRANGED BY

Sumitomo Finance International

AGENT BANK

The Sumitomo Bank, Limited

March, 1979



## EUROVIAS, CONCESIONARIA ESPAÑOLA DE AUTOPISTAS, S.A.

U.S. \$42,000,000

Floating Rate Loan

PARTLY GUARANTEED BY

The State of Spain

MANAGED BY

Sumitomo Finance International

Hypobank International S.A.

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INTERMEX

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Banque Internationale à Luxembourg S.A.

Hanse Bank S.A.

The Hokkaido Takushoku Bank, Limited

International Trade and Investment Bank S.A. (ITIB)

Investments- und Handels-Bank A.G.

Japan International Bank Limited

Midland and International Banks Limited

Mitsubishi Bank (Europe) S.A.

Nordic Asia Limited

The Saitama Bank, Ltd.

Scandinavian Bank Limited

Allied Irish Investment Bank Limited

AGENT BANK

The Sumitomo Bank, Limited

March, 1979





and Markets

## French farmers boost

farmers

commodities Staff

NCH Government is helping to boost pig breeding returns with a "loan" of FFR 30m

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West Germany.

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monetary com-

subsidies on

"strong" currency

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rice pact

— UN Food and

Organization de-

bated a call for an

rice agreement

Philippines' President

Marcos.

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consumers, has

take a full study of

so they can discuss

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## Doubts over Zaire claim of normal copper sales

BY JOHN EDWARDS, COMMODITIES EDITOR

ZAIRE STATE metals trading company, Sozocom, said last night that it would meet its March delivery contracts in full as production had recovered to normal.

But the announcement was greeted with considerable scepticism by London dealers who said most consumers in Europe were suffering from shortfalls in Zaire copper supplies, with some still waiting for 1978 shipments to be delivered.

A Sozocom spokesman in Brussels told Reuter that Zaire copper production would rise this month to 32,000 tonnes from 18,000 tonnes each in January and February. He added there were now no problems and production had returned to normal; April output would also reach 32,000 tonnes.

London market sources, however, painted an entirely different picture. Some consumers are reported to have

received little or no copper from Zaire this year and very few have received their full March allocation.

It is feared there will be even greater shortfalls in April. Even if production in Zaire is stepped up, which is greatly doubted, there is still the problem of getting the copper out and processed. It was noted that the fall in production of 18,000 tonnes during the first two months means that annual output is likely to fall well short of the target of more than 400,000 tonnes, even if production is sustained at a higher level for the rest of the year.

Meanwhile copper prices lost ground on the London Metal Exchange yesterday reflecting the sharp sell-off in New York on Friday evening.

But the underline of the market remained firm, and prices rallied strongly encouraged by an upturn in New York Cash wirebars as a result closed only £5.50 down at £1,053 a tonne

when a larger decline had seemed likely.

The rally in prices was attributed to the rise in gold, further prices to \$1 a pound by several U.S. copper producers and a bigger-than-expected fall in LME warehouse stocks. The decline of 3,375 tonnes in stocks reduced total holdings to 262,825 tonnes.

Other metal markets were relatively quiet. Aluminium prices reached new peaks as the squeeze on available supplies tightened. Warehouse stocks fell by 100 tonnes to 12,600 tonnes. Tin stocks were also down by 120 to 1,685 tonnes.

Lead stocks rose marginally by 100 tonnes to 16,745 tonnes, while zinc stocks increased by 1,225 to 72,350 tonnes. Cominco of Canada confirmed that it was raising its producer price for zinc in the U.S. by 2 cents to 39.50 cents a pound.

LME silver holdings fell by 280,000 to 21,260,000 ounces. The rise in silver prices reflected the upturn in gold.

## 'Meagre' wool guarantee attacked

BY OUR COMMODITIES STAFF

THE "WHOLLY unrealistic" increase in the guaranteed price for 1979 UK wool clip was attacked yesterday by the British Wool Marketing Board.

Mr. Walter Elliot, Board chairman, said he was very disappointed at the "meagre" rise

in the wool growers' guarantees price from 110p to 112p a kilo, announced by the Ministry of Agriculture on Friday.

Mr. Elliot pointed out that he guaranteed price could have been substantially increased without any need for additional support from the Exchequer. The Wool Board was holding a substantial sum in its special account built up as a result of good market results during the past few years.

The funds in this special account could have been used to support a "substantial and realistic" rise in the wool price, especially in view of the stable outlook for the market this year.

Mr. Elliot pointed out that the average market price for the 1978 clip is above the guaranteed level, it should at least be possible to make a supplement-

the board was also looking at the possibility of adding some payment to producers. But nothing from its own reserves to the guarantee.

The National Farmers' Union also said that the rise in guaranteed prices for wool and sheep were not enough. Commenting on the rise in the fat sheep guarantee from 127p to 140p a

kilo, Mr. Richard Butler, NFU president, pointed out that sheep farmers are suffering severe problems because of the hard winter.

The UK Government continues to fix guaranteed prices for sheep and wool growers because so far the EEC has failed to agree on the terms of a proposed common policy for sheepmeat.

THE AMOUNT of milk used in butter production rose sharply in England and Wales last month as sales off farms continued to rise and the amount drunk slipped back after the modest recovery in January.

Total sales off farms, at 947.7m litres, were 3.1 per cent higher than in February last year. The amount for manufacturing jumped 7.7 per cent to 441.3m litres and liquid sales fell back almost 3m litres to 506.4m.

The Milk Board believes industrial disruption and bad

weather may have contributed to the 0.5 per cent fall in doorstep sales.

Milk production is clearly well on the way to matching or even exceeding the forecast of a 3.5 per cent increase this year published by the board.

This year at least Common Market attempts to tax farmers out of milk production will have little impact in England and Wales.

There is, however, some indication that EEC plans are damping down Scottish producers' expansion schemes.

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The Milk Board believes industrial disruption and bad

## Slow start to farm price talks

By Margaret Van Hatten in Brussels

M. PIERRE Mahegnaire, the French farm minister, yesterday opened negotiations for this year's farm price review by urging his EEC counterparts to reach an agreement on the package before them by April 1.

But judging by the pace of the opening session he is likely to be disappointed.

Ministers did not start formal talks until 5 pm having spent the previous hours in informal bilateral talks.

They were expected to break off early in the evening after initial discussions on the Commission's proposals for a price freeze for the coming year, for "green" devaluations for Britain, France, Italy, and Ireland, and for a levy on milk production.

No substantive results were expected last night but it is widely hoped that the "green" devaluations will be approved.

The agreement in Geneva earlier this month on the establishment of a multi-million dollar common fund to finance the operations of the integrated programme must be concluded under Unctad's (UN Conference on Trade and Development) integrated commodity programme.

The French may delay agreement in an attempt to win British approval for a plan, agreed by the other eight earlier this month, for phasing out monetary compensation amounts. Since Britain shows no sign of agreeing to this plan, other member states hope the French will not insist.

At this stage, the prospect of agreement on prices and the milk levy appear

## Companies and Markets

## LONDON STOCK EXCHANGE

# Euphoria fades as market awaits result of tomorrow's censure vote—30-share index reacts 4.3 to 530.3

**Account Dealing Dates**  
Option  
\*First Declara- Last Account  
Dealing tions Dealings Day  
Mar. 12 Mar. 22 Mar. 23 Apr. 3  
Mar. 26 Apr. 5 Apr. 6 Apr. 18  
Apr. 9 Apr. 19 Apr. 20 May 1  
\* "New time" dealings may take  
place from 8.30 am two business days  
earlier.

The election euphoria responsible for raising equities sharply on Friday, particularly in the later business, was much less evident when stock market began the new trading Account yesterday. Most investors having had the weekend to ponder on the various permutations possible in tomorrow's crucial no-confidence vote decided not to add to their commitments while there was still a chance that the Government could survive, but occasional sales from small public holders found the market unreactive and reactionary after such a big rise.

Institutional sources, while not sellers, were also content to bide time and this enabled dealers to lower values, flushing out some loose stock in the process. The offerings were mainly confined to the leaders and the trend was soon apparent in the FT 30-share index, which fell away steadily to record a loss of 9.4 at 2 am before picking up to close only 4.3 down on balance at 530.3.

The late recovery was largely technical, occurring in the absence of sellers; the earlier announcement that the recall of special deposits had been deferred until May 8, had little impact on overall sentiment in either equities or Gilt. Some concern, however, was being expressed about the extent of the oil price increases being decided this week by the OPEC States.

Sterling's latest strength failed to encourage fresh support for Gildeed securities and quotations entered into a downdrift before reverting finally to Friday's list levels. Business at both ends of the market was thin with most operators showing a disposition to await the result of Wednesday's crucial no-confidence motion.

Friday's newcomer to Government stocks, Exchequer 12½ per cent 1989 (£40-paid), slipped to £41 on occasional stag selling before closing only 1 down on balance at £41, a premium of 5½ on the tender price. Other longs of a high-coupon variety regained completely initial falls of 1, while the shorts ended 1 cheaper in places, after having been 1 easier.

Early demand for investment currency took the premium

higher to 7½ per cent, but at the enhanced rates some large selling was attracted and, in a market affected by the late strength in sterling, the premium fell to close at the day's lowest of 66 per cent for a net loss of 3½ points. Yesterday's SE conversion factor was .7355.

**Home Banks lower**  
Falling to attract a continuation of last Friday's buying, the major clearing banks turned easier on sporadic profit-taking. Lloyds led the retreat with a fall of 10 to 330p, while Midland, 408p, and NatWest, 345p, declined 5 pence. Merchant banks, however, moved higher in places with Keyser Ultimma notable for a gain of 4 to 67p. Hambrus firm 5 to 238p and Wintrust put on 3 to 117p.

Insurances plotted an irregular course in moderate trading. Ahead of their respective preliminary statements, due today and tomorrow, Equity and Law hardened 2 to 210p and Legal and General edged forward a penny to 180p. Prudential, also tomorrow, softened a penny to 173p. Christopher Morai picked up 2 to 109p, Alexander Bowden reacted 4 to 129p.

In erratic Buildings, Blue Circle, at 326p, all but held Friday's sharp gain of 28, but scrappy selling left SGB 12 off at 238p and Tarmac 4 cheaper at 189p. Despite improved annual profits and a proposed 100 per cent scrip issue, Ilfracombe Johnsons eased 8 to 194p. By contrast, satisfactory annual results left Arclitef a penny harder at 48p and Federated Land 6 to the good at 73p, while an investment recommendation lifted Ward 9½ to 56p. A small interest in a thin market prompted a gain of 3 to 425p in Brown and Jackson, while fresh demand lifted M. P. Kent and A. Monk 4 pence to 56p and 75p respectively. In Timbers, James Latham added 5 to 185p in a restricted market, but profit-taking clipped 4 from Magnet and Southern, at 175p. ICI drifted down to 387p before a little late support reacted 12 to 218p, awaiting Thursday's preliminary statement.

Leading Foods usually held Friday's sharp gains. In secondary issues, recently-neglected Lipton put on 6 to 171p and Bernard Matthews, annual results due Thursday, jumped 21 to 283p. Ahead of Friday's preliminary results, Clifford's Dairies improved 4 to 66p and the Ordinary a couple of pence to 74p. Carr's Milling attracted fresh support at 106p, up 6, as did United Biscuits, 3 up at 88p.

## Excalibur better

Secondary issues provided the main focal points in Stores. Excalibur Jewellery jumped 8 to 23p, after 24p, following news of

the bid approach, while Wilkinson Warburton added 13 to 128p on buying in front of today's annual results. Bambers, which is due to announce preliminary figures a day later, also responded to good demand and settled on an identical amount higher at 205p. Speculative support was forthcoming for Owen Owen, which rose 12 to 149p, while demand in a thin market left Elys (Wimbledon) 10 to the good at 185p. Ernest Jones put on 6 to 220p as did Foster Bros, to 216p, and James Beattie A gained 7 to 180p. A. G. Stanley cheapened 3 to 245p ahead of tomorrow's annual results, while MFI lost 10 to 355p. The leaders picked up late, Burton A closing 9 up at 275p and Marks and Spencer unaltered at 108p, after 105p.

The Electrical leaders joined in the general downturn but a rally developed towards the close and helped quotations close up to 4 above the day's lowest. GEC finished 3 off at 400p, after 402p, while CMAA slipped 4 to 150p and Plessey 2 to 109p. Elsewhere, Siemens Diffusion were prominent with a rise of 10 to 98p and Rediffusion put on 4 to 108p. Eurotherm fell 9 to 330p, while Racal, 466p, and Unitech, 222p, declined 6 pence.

The Engineering sector was rather subdued after last Friday's sharp improvement. Easier initially, the market subsequently rallied and final quotations were only a few pence easier on balance. Elsewhere, favourable weekend press mention lifted Ratcliffe (Great Bridge) S to 55p, while a revival of speculative demand prompted a gain of 5 to 62p in Edgar Allen Balfour.

Demand persisted for Wolesey-Hughes 6 to the good at 290p, but Rotork shaded a few pence to 55p, awaiting tomorrow's preliminary results. Swan Hunter were quoted at 41p ex the first liquidation repayment of 139p. Comment on the interim results prompted fresh support for Newman Tanks, which put on 4 further to 86p, but APV, a particularly good market recently, reacted 12 to 218p, awaiting Thursday's preliminary statement.

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## RECENT ISSUES

Among Hotels and Caterers, profit-taking clipped 2 from Brent Walker at 74p, but Queen's Meat Houses, ahead of next Monday's annual results, firmed 4½ to 48½p.

**Brown Boveri firm**  
Calmer and easier conditions returned to the miscellaneous Industrial leaders after Friday's impressive show of strength on enhanced hopes of a spring general election and an eventual Tory victory. Roots, 221p, Metal Box, 332p, and Unilever, 636p, all cheapened 4 but a late rally helped Beecham regain an early fall of 5 to close unaltered at 255p, after 250p.

Cameron, rose 20 to 150p on the sharply increased annual profits and dividend. Printing plate makers Wace hardened 3 to 255p awaiting today's results.

A marked contraction in trade was evident in Properties where prices ended ease. Land Securities 290p, and MEPC, 181p, receded 3 and 2 respectively, while recently promising British Land finished a fraction off at 70p. Reflecting a favourable trading statement, Winston Estates put on 5 to 62½p and Clough Haze, 186p, ex. diff. 3, 109p. Elsewhere, Saville Diffusion were prominent with a rise of 10 to 98p and Rediffusion put on 4 to 108p. The leaders picked up late, Burton A closing 9 up at 275p and Marks and Spencer unaltered at 108p, after 105p.

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## NEW HIGHS AND LOWS FOR 1978/9

		LEISURE (7)		PAPER & PRINTING (3)		PROFESSIONAL (3)		SHIPPING (1)		TELECOMS (1)		TRUSTS (3)		OVERSEAS TRADES (1)		MINES (4)	
FOREIGN BONDS (1)																	
CANADIANS (1)																	
BANKS (7)																	
BUILDINGS (13)																	
DRAPERS & STORES (15)																	
INDUSTRIALS (10)																	
FOODS (6)																	
HOTELS (1)																	
INDUSTRIES (47)																	
INSURANCE CO.																	

NEW LOWS (2)

BRITISH FUNDS (1)

TRANS. Variables (5)

AMERICAN (1)

Colgate Palmolive

## RECENT ISSUES

### EQUITIES

Issue Price pc	Ant Up	Latest Date	1978/79	Stock	Opening Price	+ or - Div.	High Low	Close Price	Yield %	P/E Ratio
195 F.P.	-	194 150	Rapallo Computer	185	5	0.7110	186.5	186.5	14.15	14.15
55 F.P.	202/178	68	Spencer Radcliffe	186	5	0.7110	187.5	187.5	14.15	14.15
**	202/182	118	Hunting Assoc. Ltd.	188	—	—	188	188	14.15	14.15
95 F.P.	98 41	21	M.Y. Dart Devt.	188	—	—	188	188	14.15	14.15
500 F.P.	204/116	97	Beaufort F. New Op.	118	—	—	75.0	81.5	8.5 11.0	—

## "RIGHTS OFFERS"

Issue Price pc	Ant Up	Latest Date	1978/79	Stock	Opening Price	+ or - Div.	High Low	Close Price	Yield %	P/E Ratio
115 NH	80/2	204	410m	Brammer (H.)	40pm	+ 1	42.0	41.5	11.5	11.5
60 F.P.	62/27	65	65pm	Burco Develop.	22pm	- 1	22.5	22.0	15.0	15.

## AUTHORISED UNIT TRUSTS

Friends' Provident Unit Tr. Mgrs. V

Aylesbury 0266 5962

Pebble End, Dorking 0283 2112

317 Friends Fins. Uts. 506-6

D.C. Accru. 506-6

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## CHEMICALS, PLASTICS—Cont.

## ENGINEERING—Continued

## FOOD, GROCERIES—Cont.

### BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1978-79	High Low	Stock	Price £	+/-	No. of Gr.	Ref. No.	Yield
26	6	Chinese 41pc. 1988	28	-	1	-	
35	45	Do. 5pc. 1912	51	+1	1	-	
42	48	Do. 5pc. 1925 Bover	52	+1	1	-	
42	50	German Yrd. 41pc.	57	+1	1	-	
46	48	Do. 4pc. 1925	59	+1	1	-	
46	48	Do. 4pc. 25 Bals.	60	+1	1	-	
46	48	Do. 4pc. Mixed Ass.	61	+1	1	-	
77	77	Hung. 24 Ass.	63	+1	1	-	
77	77	Iceland 6-12.25	65	+1	1	-	
77	77	India 9.5pc. 1984	66	+1	1	-	
77	77	Japan 4pc. 10 Ass.	67	+1	1	-	
77	77	Do. 6pc. 8.5-8.8	68	+1	1	-	
77	77	Penn Ass. 3pc.	69	+1	1	-	
77	77	Peru 5pc. 1980	70	+1	1	-	
77	77	Uruguay 6pc. 1984	71	+1	1	-	
77	77	U.S. S. & D. N. prices exclude imm. 5 premium	72	+1	1	-	

1978-79

High Low

Stock

£

+/-

No. of Gr.

Ref. No.

Yield

1978-79

High Low

Stock

£

+/-

No. of Gr.

Ref. No.

Yield

AMERICANS

1978-79

High Low

Stock

£

+/-

No. of Gr.

Ref. No.

Yield

AMSA

5.0% Conv. 87

Amex \$1

American Express

Am. Int'l. Inc.

Arco Inc.

Baker Int'l. Corp.

Banks Grp. 50-55

Barnes & Thorn

Batchelors

Bath Steel \$8

Brown's Fr. 50

Brockwell Corp.

B.C. P. Co.

Caterpillar

Chase Wldg.

Chrysler \$50

Citcorp \$40

Citrus II

Firestone Tires II

First Chicago

Ford Motor Co.

GATX

Gen. Elect. \$20

General Elec.

General Mills

General Motors

General Elec.

**STRIALS—Continued..**

Stock	Price	+ or -	Dr.	Net	CW	YTD	P/E	1978-79	High	Low	Stock	Price	+ or -	Dr.	Net	CW	YTD	P/E	1978-79	High	Low											
as & Tison.	67	-1	4.46	2.4	9.9	50	26	125	£107	£107	Eden, G. & Co.	92	-1	2.6	2.0	2.0	2.0	2.0	116	128	116	Edf. Ind. & Gen.	110	+1	2.0	2.0	2.0	2.0	2.0	120	120	113
in 50	182	-4	19.05	2.1	7.0	21	201	220	£107	£107	East UK Div.	92	-1	1.7	1.7	1.7	1.7	1.7	116	126	117	Edu. Invest.	110	+1	2.0	2.0	2.0	2.0	2.0	120	120	115
Norwe.	158	-1	5.52	1.2	5.2	5.2	250	184	£107	£107	Equity & Law Sp.	92	-1	1.7	1.7	1.7	1.7	1.7	116	122	122	Edu. Prop. Inv.	110	-1	1.7	1.7	1.7	1.7	1.7	120	120	114
Whar.	158	-1	5.52	1.2	5.2	5.2	250	184	£107	£107	Gen. Accident.	92	-1	1.7	1.7	1.7	1.7	1.7	116	122	122	Edu. Prop. Inv.	110	-1	1.7	1.7	1.7	1.7	1.7	120	120	114
Earth Crm.	182	-1	3.68	1.2	3.2	3.2	265	183	£107	£107	Gen. Assets.	92	-1	1.7	1.7	1.7	1.7	1.7	116	122	122	Edu. Prop. Inv.	110	-1	1.7	1.7	1.7	1.7	1.7	120	120	114
at. (A) 100%	39	-1	8.12	2.7	2.7	5.7	265	184	£107	£107	Gen. Assets.	92	-1	1.7	1.7	1.7	1.7	1.7	116	122	122	Edu. Prop. Inv.	110	-1	1.7	1.7	1.7	1.7	1.7	120	120	114
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Tuesday March 27 1979

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## All but four new sea oil blocks earmarked

BY KEVIN DONE, ENERGY CORRESPONDENT

THE DEPARTMENT of Energy has conditionally awarded 42 of the 48 blocks on offer under the sixth round of offshore licensing on the UK Continental Shelf.

Blocks have been offered to most of the big oil companies already operating in UK waters, with the exception of Texaco and Conoco. Esso did not apply in this round.

The sixth round, smallest since UK offshore licensing began in 1964, will open up new exploration territory in the south-western approaches and to the north-west of the Shetland Islands. As in the fifth round, the British National Oil Corporation will take at least a 51 per cent equity interest in all new licences.

There are several new features in the sixth round, in which companies were invited to offer the state oil company a greater equity interest, or to carry some or all of BNOC's exploration costs.

Mr. Anthony Wedgwood Benn, the Energy Secretary, said

yesterday that new conditions had been a success. BNOC's share of exploration and appraisal costs would be carried, in whole or in part, in more than the new blocks.

In several blocks BNOC or British Gas had been offered an extra equity interest. BNOC had been offered options in some cases to buy or sell additional quantities of oil or natural gas liquids found under sixth-round licences.

Before definitive licences are awarded oil companies must agree to an obligatory work programme with the Department of Energy, and conclude a joint operating agreement with BNOC.

Mr. Benn said yesterday that he hoped that some sixth-round agreement would be completed by the summer, to allow exploration drilling to begin before the end of the year.

The state holding on the UK Continental Shelf had been increased to about 25 per cent. In the present round, state corporations would take about 80 per cent of the licence equity

on offer, while the share going to British companies would be 65-70 per cent.

The four blocks not allocated are 208/20, to the north-west of Shetland, and 106/10, 107/11 and 104/20, in the Celtic Sea area.

Texaco, the most notable applicant to be refused acreage in this round, failed because its offer to take unattractive acreage as long as it was also awarded some of the most attractive blocks was not accepted by the Department.

Groups led by Phillips Petroleum, Monsanto, Chevron, Amoco, Placid Oil, British Gas and British Petroleum have all been awarded blocks in the south-western approaches of BNOC.

This is a major new exploration area, where drilling has only recently begun. BNOC has just finished the first wildcat well in the area—no results have been released—and a second has been started by BP.

North Sea find 'encouraging' Page 5; Parliament Page 8

## Tax loss '£10bn a year'

BY DAVID FREUD

THE BLACK economy—earnings which evade the tax net—may well amount to about 7% per cent of gross domestic product, Sir William Pile, chairman of Inland Revenue, told a Commons committee yesterday.

This was equal to one worker in eight not declaring £1,000 of his income each year, he told the general sub-committee of the Commons Expenditure Committee.

Sir William also expressed concern about high staff wastage, which was 30 per cent a year in some parts of the Revenue.

His estimate is the first a senior official has given in public of the possible size of the black economy. The figure implies a total of roughly

£10bn in the current financial year.

Sir William emphasised that there was no way of measuring accurately the extent of the black economy, but he and other senior tax officials "thought it was not implausible for it to be 7% per cent of GDP, or thereabouts."

He believed the growth had occurred over the past 10 years and that the problem was getting worse.

"I am sure that this black economy is losing us revenue and eroding the integrity of tax-paying generally," he said. "We have traditionally had a great deal of tax-paying integrity and it would be very sad if it went."

The abuse was difficult for the Inland Revenue to combat. "Even with more staff it is a

very difficult and drawn-out business."

Sir William said the Revenue was losing staff in four key areas: at clerical level, in evaluating, computing and among inspectors.

Clerical staff turnover was 25 to 30 per cent a year. Wastage among computer executive officers was more than 20 per cent—a loss common throughout the Civil Service because of higher pay in private industry.

Sir William estimated wastage among professional valuers at 17 per cent a year and said that while the highly-trained tax inspectors seemed to have more fidelity, there was a worrying loss of staff in that area, too. "You can't build up a department of state like this," he added.

## Lonrho takeovers under fire

BY ANDREW TAYLOR

GULF FISHERIES, the Kuwaiti group which is attempting to unseat two Lonrho directors and replace them with two of its nominees, was said yesterday to be critical of several of Lonrho's recent UK purchases.

Mr. Tom Ferguson, one of the two Gulf nominees, said: "I would hardly think that Brentford Nylons was one of the best acquisitions in the world and we also have doubts about Lonrho's purchase of Dunford and Elliott."

Gulf, which has a 21 per cent stake in Lonrho and has criticised the group's poor share

price performance, yesterday sent a document to Lonrho shareholders explaining why it wants to put its nominees on the board.

It said its nominees would examine Lonrho's accounting policies—which have recently been criticised. They would also look at the likely effects on investors of projects currently being considered by Lonrho.

At a news conference yesterday the nominees, Mr. Ferguson and Mr. Euan MacDonald, also criticised Lonrho's management image. But Mr. Ferguson said he could not criticise Lonrho itself had repeatedly said that its share price was too low.

## KME 'hives down' its assets

BY JOHN ELLIOT, Industrial Editor

LEADERS of the loss-making Kirkby Manufacturing and Engineering workers co-operative have renewed attempts to save jobs in their loss-making Merseyside factory by selling the enterprise's assets to KME Ltd., dormant subsidiary.

Mr. Jack Spriggs, one of the co-operative's two convenor directors, said last night that the assets had been "hived down" with agreement from the National Westminster Bank, one of the business's main creditors.

The postponement of the call reflects the authorities' desire to reduce very short-term interest rates, partly to discourage inflows from abroad, while pushing up three-month rates by lending to the discount market at Minimum Lending Rate of 13 per cent.

The latest pressures have arisen following the near-sell-out of last week's issue—

attracting just under £300m in its partly-paid form. According to the Bank, this has "helped sustain stringent conditions in the money market and substantial pressure on the reserve asset position of the banking system."

The Bank emphasised that yesterday's move, "like similar earlier operations, is solely a technical market smoothing operation" and "implies no relaxation of the present policy of continuing monetary restraint."

The postponement of the recall follows similar moves to ease the liquidity pressures of the banking system over the last six weeks in response to the heavy gilt sales. This has involved the temporary release of about £1.3bn into the system.

Continued from Page 1

## Pound rises

The Government yesterday responded to the money market pressures caused by recent large sales of gilt-edged stock by postponing from this Friday until May 8 the recall of about £455m of special deposits. These are funds which have to be deposited with the Bank of England by the banking system and have been temporarily released to ease current liquidity pressures.

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Continued from Page 1

## BR plan

A small number of routes would be closed completely without bus services to cover.

The services dealt with in the plan cover less than 60 per cent of their direct costs and lost over £20m last year before taking into account shared overheads.

Detailed talks have already been held with National Bus about the rail-bus switch. The bus company is chiefly concerned that it does not suffer financially from the move and attempts are being made to draw up a contract which would protect National Bus financially and ensure that the new services were not withdrawn as soon as they started losing money.

The impermanence of alternative bus services has always

been one of the most strongly attacked features of bus-rail substitution because of the short-lived bus services set up after the Beeching rail cuts.

In a document sent to trade unions, Mr. Peter Keen, British Rail's chief passenger manager, says the Board has had to choose whether to spend its limited resources on areas of growth or on declining services.

It had decided to avoid heavy spending on the 2,000 miles of minor services since this would force economies on Inter-City routes, producing "deteriorating standards and a loss of traffic over the whole network."

The National Union of Railwaymen said last night that it was very concerned about the new proposals. It called on the Government to lift British Rail's frozen investment ceiling

## Tories have doubts over vote pledges

BY RICHARD EVANS, LOBBY EDITOR

AS THE political manoeuvring over the Government's fate continued at Westminster yesterday, Ministers believed that the odds remained against survival but that all was not yet lost.

That view was shared by Conservative leaders, who still found it hard to be totally confident of the assurances from their allies in the minor parties.

All 13 Liberals and the 11 Scottish Nationalists are still determined to vote for the Conservative censure motion tomorrow, but the position of the three Plaid Cymru MPs remains uncertain.

An announcement of their voting intentions will be made at Westminster today after a meeting with Ministers.

The Welsh Nationalists, who might thwart Mrs. Thatcher's hopes of a spring election if the Ulster Unionists abstain, are pressing for a guaranteed Parliamentary timetable to rush through their promised Bill to compensate slate quarry workers for dust-related diseases.

The timetable involves publication and first reading of the Bill before tomorrow's division.

A complication in the tight Commons arithmetic is that Mr. Nicholas Edwards, Conservative spokesman on Wales, has, with the authority of the Shadow Cabinet, promised to match the TGWU last year in response to the party's appeal for a £1m fighting fund when an election in October seemed likely.

Parliament, Page 8

their bargaining power by trying to backdate the compensation and insisting that the Bill should become law by mid-May. Their demands were being considered by Mr. Callaghan, Mr. Michael Foot, Leader of the Commons, and other Ministers last night.

Some Ministers believed that any further attempt to offer political bribes could be counter-productive. Whether they will continue to believe so if there are no more than one or two potential votes needed for survival remains to be seen.

The Ulster Unionists' position might remain uncertain until the last moment. The present assumption is that nine, including Mr. Enoch Powell, will vote with the Conservatives, and one, Mr. John Carson, for the Government.

Mr. Gerry Fitt and Mr. Frank Maguire, the two Irish Independents are expected to abstain.

That would mean a Government defeat by two votes: sufficiently close to give Labour optimists slight reason for hope.

Our Labour Editor writes: The Transport and General Workers Union has handed over a cheque for £130,000 for Labour's general election campaign to Mr. Norman Atkinson, the party's treasurer.

The money was voted by the TGWU last year in response to the party's appeal for a £1m

fighting fund when an election in October seemed likely.

Parliament, Page 8

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